

NOV 3 1942

CREDIT

and Financial Management



NOVEMBER 1942

Page

War Financing	4
After the War What?..	7
Letter Psychology	12
Financial Statements	16
Business Correspondence	19
Good Will in Credits	22

Last Call!

for special pre-publication price on

War Credit Manual of Commercial Laws

PACKED WITH 35 YEARS' SUCCESSFUL EXPERIENCE
IN SAFEGUARDING SALES AND PROTECTING CREDITS

ENTIRELY NEW FEATURES

- ★ Credit Features of War Orders
- ★ Points to Check When Invoicing War Orders
- ★ Renegotiation of War Contracts
- ★ The "Termination Clause" and "Assignability"
- ★ Financing War Orders
- ★ New Priorities and Allotments Regulations
- ★ Costs Allowable in War Contracts

COMPLETELY REVISED AND REARRANGED

A new Chapter on the "Law of Credit Information" will guide you away from possible liability when you reply to credit inquiries.

The Section on *Sales* is thoroughly revised to incorporate all recent changes and decisions affecting contracts or transactions with corporations, partnerships, agents and joint ventures.

The Section on *Collections* presents not only accumulated experience, but last-minute rulings on methods, suit-procedures, commercial crimes, frauds, liens and bonds. *Federal Laws that Regulate Business* are clearly explained — New Foreign Trade Regulations, Walsh-Healey Act, Wage & Hour Law, Robinson-Patman, Wheeler-Lea, Tydings-Miller Act, Fair Trade Laws, Etc.

Special Pre-Publication Price to Members

The regular price of the Manual, 1943 Edition, on publication, will be \$6.50. However, you are entitled to a special pre-publication price of \$4.50 if your order is received by November 1.

MAKE YOUR RESERVATION TODAY

National Association of Credit Men
One Park Avenue New York, N. Y.

CREDIT

and Financial Management

Contents for November 1942

Attention, Please! (Editorial)	Henry H. Heimann.....	2
War Finance and the Civilian Economy.....	John K. Langum	4
After the War—What?	O. G. H. Rasch.....	7
An Open Letter to Industrialists.....	Frank H. Eichler	10
The Psychology of Credit Letters.....	H. M. Sommers	12
Financial Statements in Credit Appraisals.....	Laurence S. Day	16
How Credit Men Can Aid in Civilian Defense.....		18
Better Business Correspondence in War.....	Charles C. Parkhurst.....	19
The Good Will Side of Credits.....	D. A. Grant	22
War Time Credit Complications	J. E. Bullard	30
News About Credit Matters.....		33

Cover: "Off to the War"—Photo from Gendreau, New York.

Official Publication of National Association of Credit Men

Chestnut at 56th St., Philadelphia, Pa.

One Park Avenue, New York, N. Y.

Richard G. Tobin
Editor and Manager

Paul Haase
Associate Editor

Clifford T. Rogers
Advertising Manager

ESTABLISHED 1898

VOLUME 44, No. 11

Published on the fifth of each month by the National Association of Credit Men, Chestnut at 56th Street, Philadelphia, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. Subscription price, \$3.00 per year, 25c per copy; Canada, \$3.50; all other countries, \$4.00 postpaid. Copyright, 1942, National Association of Credit Men. The National Association of Credit Men is responsible only for official Association statements and announcements printed herein.



Attention, Please!

EN "No man hates planning for a better world. What makes men apprehensive of the planners is that planning is the direct antithesis of liberty, which the Planners will never confess, and that Planning by the destruction of liberty and the discouragement of enterprise is more likely to give us a worse than a better world.

"Today the word 'Planning' is used in politics to denote an adherence to State planning. It implies that bureaucrats, untrained in business and commerce, can better conduct trading and commercial operations than men whose lives are devoted to those activities and whose efficiency is tested always by their personal responsibility for success or failure.

"Any foolish fellow, aided by an ounce of tobacco and a lively imagination, can plan a better world. Nothing is easier than to create a Utopia in the mind. The real difficulty is to devise means of bringing such Utopias from the realm of the imagination to that of actuality.

"Thus when distinguished theoretical economists, great prelates, facile journalists and novelists, aspiring political candidates and others solicit the suffrage of ignorant people by promising a world free from uncertainty, free from unemployment, free even from physical ills, and in addition demand glory for themselves because they love to plan for a better world, the anti-planner may well ask—but how it is all to be done?

"Those who pose this question are not enemies of the people, men who hate to plan for a better world: they are friends of the people, men who refuse to see the masses hoodwinked and led toward a political mirage which conceals only desolation."

So speaks an editorial in a recent issue of "The Statist," published in London, England.

Economic Planners, please heed!

Henry H. Heimann

THE HELL THAT SEARED ENGLAND BURNS AMERICA NOW!

Hell from the skies over England, so brutal that it once drove that great nation almost to the breaking point, has nonetheless succeeded in taking only 45,871 British lives from the beginning of the war to August 31, 1942.

In those same three years, right here in America, approximately 30,000 deaths have occurred from fire!

Think of it! Here, as yet, are no screaming bombs, no dreaded roar of enemy plane motors, but deaths from fire alone, as real and as painful as those caused by air raids, total two-thirds of the bomb toll in England.

Further — at this crucial point in our struggle for existence these are in many cases as costly in man-power and machine-power as are the losses from plane-dropped high explosive and incendiary missiles.

Here's a way in which America's citizen army can cut this sabotage — and how you can help!

JUST BE CAREFUL ABOUT FIRES!

Make it your job to see to it that every preventable fire *is* prevented. Every time you see a danger spot, report it to the proper authorities if you cannot eliminate it yourself.

For many years the Home fleet of insurance companies has helped to reduce fire loss by elimination of many fire hazards through experience, research and continuous inspections. But now, more than ever, America needs the help not only of those whose business it is to deal with fire losses, but also of every citizen and home owner — for *no fire loss today is measurable in dollars*. Preventing fires is part of winning the war and *that's a job for all of us*.

☆ THE HOME ☆
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

When writing to advertisers please mention Credit & Financial Management

War Finance and the Civilian Economy

A Banker Views the Picture Presented to Industry

IN total war, the economic problems which confront us on the home front are as serious and difficult as the problems of military and naval strategy. Indeed, in the broader strategy of total war, economic mobilization and military needs are parts of the same whole.

We must produce the implements of war in ever-growing volume until victory is ours. To produce these implements of war, we must increase greatly our total physical production through mobilization of every resource.

To produce these implements of war, we must cut out civilian economy to the bone. We must secure as best we can a just distribution of the lower standard of living to which every American family must adjust itself for the duration as a result of curtailment of the civilian economy. We must avoid at all costs the disaster of inflation. We must so organize our war economy now as to minimize the problems of post-war readjustment.

War Production

THE problems of war finance cannot be separated from the problem of allocation of resources and physical production, from the problem of equitable distribution of civilian goods, and from the problem of inflation.

As a result of the defense program and of the war effort, the physical volume of industrial production in the United States has already risen to a tremendous, unprecedented level. Perhaps the best measure of the physical volume of goods produced by America's factories and mines is the Federal Reserve index of industrial production, which has the 1935-39 average as a base of 100. In the month before the beginning of the defense program, this index stood at 116. In the month of Pearl Harbor, it stood at 168. In August it stood at 183.

Output of munitions in the United

JOHN K. LANGUM
*Assistant Vice President,
Federal Reserve Bank of Chicago*



States in August, according to Mr. Nelson, Chairman of the War Production Board, was 8 per cent higher than in July and more than three and a half times as large as in the month before Pearl Harbor. But although August production figures are impressive by themselves, Mr. Nelson declared that they were "not impressive enough," in view of the big head start of the Axis. "The plain fact of the matter," Mr. Nelson said, "is that production lagged in August about 14 per cent behind the first-of-the-month forecasts. It is true that these forecasts are set very high, that schedules are being revised, and that forecasts may be revised to give us closer measures of the production effort compared with production possibilities. Nonetheless, the performance is not one that we can brag about. We must all do more, and we must do it in a hurry. We are entering the crucial fourth quarter of the year. We must exert unheard of efforts and we must give close attention to scheduling inventories and alloca-

tions of materials if we are to push the production curve as high as it must go."

War Production Still to Increase

BUT we face the necessity of producing more and more war materials and of having to divert our resources from production of civilian goods to war production. As we approach a plateau in the fuller and more effective employment of all our resources, we must produce less and less goods available for consumption by civilians if we want to produce more war material.

In June 1942 close to 50 per cent of the nation's industrial output was represented by production for war purposes. In June 1941 about 20 per cent of the total consisted of war production. Thus, in one year industrial output for war purposes nearly trebled, while industrial output for civilian use declined by one-fourth. Although inventories are at record levels, according to the Department of Commerce, inventories of consumers' goods in the hands of manufacturers, wholesalers, and retailers represent, on the average, with wide variation about the average, of course, only about a four-month supply when compared with estimated consumer expenditures in the current year. Current purchases of consumers' goods are primarily dependent upon current production of such goods.

Rationing and Inventories

CURTAILMENT of the civilian economy raises to new importance the question of equitable distribution of available supplies of consumers' goods.

We must recognize that we are likely to have a growing amount of rationing of consumers' goods. Unless price ceilings are backed up by an adequate fiscal policy of much higher taxes and savings from current income, the amount of rationing must grow. Price ceilings and ration-

ing, in my opinion, go together like bread and butter, for if we set price ceilings and have a rising volume of income in the markets and if this volume of income remains untapped by adequate taxes and savings, there will be increased pressure of demand in the markets for quantities available. Price ceilings are set because quantities demanded are greater than supply, and prices are being pushed up thereby. When demands are greater than available supplies at prices set, we soon run into the problem of allocating available supplies among the greater demands. In many cases, doing nothing will result in "First come, first served" or "richest come first." The only equitable way of dealing with this problem is that of rationing. Moreover, as more commodities are rationed, as money cannot be spent on consumers' durable goods, as consumer debt is paid off, and as incomes continue to rise with inadequate taxes and savings, we shall probably see continued extension of rationing.

Rationing has definite implications for the amount and distribution of inventories of consumers' goods. You are familiar with the War Production Board order covering inventory reports and inventory controls. You are also familiar with the fact that all banks and other financial institutions in the United States have been requested to give their aid in the discouragement of increased purchasing and inventory accumulations of consumers' goods.

Unrestrained and unnecessary accumulation of inventories is clearly undesirable. It leads to maldistribution of stocks by groups of commodities, by types of stores, by size of stores, and by geographic areas. It hastens the necessity for rationing and complicates such programs when they are needed.

Inflation

INFLATION is an enemy which is economic in character. It is intangible, but it is nevertheless perilous and vicious and treacherous.

I think we all realize that inflation would be a major disaster, that fighting inflation is an essential part of the war effort. An uncontrolled upward spiral in prices would completely disorganize and disrupt war production. It would necessitate much higher war expenditures and a greater growth in the public debt. It would intensify the difficulties of financing

If Your ISSUE

Arrives Late . . .

please remember that transportation and deliveries are somewhat uncertain in war time.

This issue was delivered to the Post Office in time to reach you by November 1st. But movement of troops, heavy travel, need for more freight trains may cause slight delays. So please remember these are War Times.

the war through non-inflationary means. It is one way of paying for the war and it is the most irrational, arbitrary, and unfair method. It would bring a disastrous aftermath of deflation and collapse. It would greatly magnify the problems of post-war readjustment, which will be difficult in any case. Inflation would bring ruin to all.

Inflation is a monetary phenomenon. We have a money economy, which means that we transact our economic operations by buying and selling goods, services, and securities in the markets for money. Most money payments in the United States are made by means of checks drawn on bank deposits rather than by the use of paper currency or coin. In this country, then, inflation may be financed by the expenditure of more and more newly created bank deposits and by the expenditure of bank deposits at faster and faster rates.

In all the markets of the country—retail, wholesale, raw materials, labor—goods and services are being bought and sold for money, and in all these markets there really are two "flows." On the one hand, there is the flow of money being spent, going into the market, buying goods and services. On the other hand, meeting that flow of money there is a physical flow of goods and services being sold for money.

The heart of the problem of inflation is a comparison of these two

flows—the flow of money into the markets and the flow of goods and services into the markets. If there were a great increase in the flow of money, and a corresponding increase in the flow of goods and services, we would not have a tendency toward a higher price level. But when the flow of money into the markets increases much more than the increase in the physical volume of goods and services flowing into the markets, the rising pressure of monetary demand causes prices to go up.

How Inflation Works

ONCE the upward process of monetary expansion starts, certain forces begin to operate which make that movement a cumulative upward spiral. War expenditures rise; in the absence of controls, prices of war materials rise; war expenditures rise further; and the prices of war materials rise again.

As the cost of living goes up, there is pressure for higher wage rates, and as wage rates advance, material costs go up, incomes rise, and the cost of living goes up further. Accelerated spending now by people who look ahead to shortages and higher prices, makes an immediate reality out of the situation which was anticipated.

Staggering amounts of war expenditures financed through inflationary borrowing, unprecedented income payments to the people of the country, inevitable dwindling of the physical volume of civilian goods which can be purchased—these are the factors which give rise to the danger of inflation.

War expenditures reached a new high of 5.5 billion dollars in September, and war expenditures will reach 78 billion dollars in the twelve months ending June 30, 1943. The annual rate of income payments has increased from 74 billion dollars, in June 1940, the first month of the defense program, to 116 billion dollars in August this year, and next year, as war expenditures rise, income payments may be expected to rise to still higher levels. The Office of Price Administration estimates that in terms of civilian goods to sell, by the end of 1943 retailing will be at the depression levels of 1932.

We Combat Inflation

COMPREHENSIVE action has been taken to combat inflation. Price and rent ceilings have been

fixed, the advance in wage rates and farm prices has been checked, and Congress is about to finish a record tax bill. In spite of these actions, however, in my opinion, we shall completely and finally check the danger of inflation only when we finance a much larger portion of our war expenditures through taxes and saving from the current income of the people.

The war must be paid for in physical terms while we fight it. Our resources—our labor, land, plant, equipment, materials, power, and transportation—must be used now to produce war materials. The imperative demand of total war can be satisfied in part through fuller and more effective employment of our resources. But the mounting production of the implements of war also necessitates curtailment of the production of civilian goods. Our physical purchases of consumers' goods and services are going to be lower no matter how we finance the war, no matter how we organize the war economy. But the American people have a choice of three methods of matching higher incomes available for expenditure with a lower physical volume of consumer goods available for purchase. These methods are: first, inflation; second, rationing; and third, adequate taxes and saving from current income.

Inflation is the method of disaster. Money incomes would be higher, but real incomes lower. The dizzy race of prices and incomes would end in chaos.

Unless price ceilings are backed up by much larger taxes and saving from current income, we shall have, in my opinion, a growing amount of rationing. The method of direct controls—price ceilings, rationing, and subsidies—constitutes a vital part of effective inflation control. But reliance chiefly on direct controls without adequate emphasis on more and more taxes and saving from current income of the people has definite dangers and difficulties. The administrative problems associated with widespread rationing are very serious indeed. The enforcement of price ceilings may be difficult in the face of a huge and rising inflationary gap. Inadequate taxes and savings from current income will necessitate the creation of billions of dollars of new bank deposits through sale of Government securities to commercial banks. Cur-

tailment and limitation on the usual directions of consumer spending will result in the piling up of enormous balances in the hands of income recipients. Such idle balances make possible sudden and volatile waves of consumer spending which would upset price ceiling and rationing programs and necessitate new and more comprehensive measures of rationing. The continued existence of idle personal balances would create inflationary dangers after the war and would necessitate continuance of direct controls.

Expenditures are Curtailed

THE third method is to curtail expenditures from current income and further accumulation of idle balances through taxes and savings. We need a much bigger tax bill. We need more taxes on personal income in all directions, with a broader tax base so that the various incomes in the country which have risen can be adequately taxed. We need prompter collection of taxes. That is important because a year in war and in inflation is an eternity and collection of taxes on last year's incomes is another case of "too late." To check inflation, we have to tap rising incomes while they are being earned.

Saving from current income which would otherwise be spent by purchase of war saving bonds and tax notes from current income is not inflationary. We need not only more and more taxes on current income, but also more and more saving from current income. The only truly non-inflationary type of government borrowing is the diversion into Treasury balances of current income that otherwise would be spent, for when current income that would be spent otherwise is taxed or saved and is diverted into the hands of the Treasury, consumer expenditures out of these rising income payments are reduced.

How Bond Purchases Help

EVERY individual and every corporation can aid in the financing of the war through purchase of the Series A and Series C Tax Savings Notes now offered by the Treasury. These notes will undoubtedly be called to your attention by one of the Victory Fund Committee workers. The new Tax Savings Note, designated Series C, will mature three years from date of purchase and may be used in unlimited amounts in pay-

ment of taxes. Series C Notes will be redeemable with accrued interest, except by commercial banks, and therefore, offer an unusually attractive medium for the accumulation of tax reserves and for temporary investment of idle funds.

That war taxes and war savings in much larger amounts are more and more necessary is indicated by the revised estimates released this morning (October 7) by the Bureau of the Budget. Against the estimated 78 billion dollar war outlay and non-war expenditures of 7 billion dollars for the current fiscal year ending June 30, 1943, estimated receipts during that period will total only 22 billion dollars.

We Must Pay War Taxes

THE amount of borrowing needed to finance increased war expenditures will run to 63 billion dollars in the present fiscal year. The total war program—war appropriations and net authorizations enacted since June 1940 and those now pending in Congress—amounts to 230 billion dollars. Of that amount, only 50 billion dollars has so far been spent. War expenditures, already huge, will rise to higher and higher levels. We must have war taxes and war savings in enormous amounts from current income.

The American people right now have everything to win and nothing to lose from a tough, hard-boiled fiscal policy, exacting war taxes and war savings to the limit from current income that would be spent otherwise. We have nothing to lose because our purchases in physical terms are going to go down no matter which policy we adopt. We have everything to win because enough taxes and enough saving from current income will check the danger of inflation, will facilitate the effective prosecution of the war, will go far toward solving our post-war problems now.

To win the war, to win the peace that will follow is the utmost concern of every American. In these trying times, more than ever before, America needs business leadership of the highest order. That challenge must be met, with courage and ingenuity, with vision and understanding. That challenge will be met, in full measure, and in ever-growing proportion.

AFTER THE WAR—WHAT?

Shall We Have a New Era of Civilization?

FM Let's get on the same wave length . . . the same beam . . . so we can understand each other.

I make no pretense of being a prophet; I am no crystal gazer and can't see what is going to happen in the future.

We can, however, make certain observations through the study of past history and current trends and conditions and draw certain deductions from them.

In 1938 I wrote a book called "Men Wanted." At that time our gravest problem was unemployment. There were thirteen million men out of work. In this book I said that manpower was our gravest problem and that the greatest single need in the world was Men. . . . That there were men wanted in agriculture, industry, government, science and research . . . and that there were more jobs seeking men than there were men who could do them.

Manpower Still Our Problem

SOME thought my ideas were very radical. Yet, today, we all agree that our gravest problem is MANPOWER. There is a shortage of manpower that we all see and feel now.

It is my thought in discussing "After The War—What?" to give you some ideas to stimulate your thinking.

The problems will be very complex, with many ramifications. All of us will be better off if we do some post-war planning now.

Winning the war is the most important thing for all of us to do now. If we lose, everything is lost—so, winning this war should be foremost in the minds of everyone.

So far, there is no use kidding ourselves, we are losing it! We have to catch up and win.

I am convinced that we can and will win, because:

1) *Of our economic resources.*

They are far superior to the

By O. G. H. RASCH
Vice-President, Auto-Lee Stores, Inc.
New Orleans



Axis powers' and our industrial war machine is fast approaching its peak.

2) *Time is on the United Nations' side.*

Every day that passes we are that much nearer VICTORY, as the Axis is fast using up its reservoir of reserves of men and materials and we are on the up!

3) *The study of history proves definitely that conquests never last.*

From 4000 years before Christ, when the Chaldean Empire conquered the people from the Isle of Greece to India through Persia, through the times of the great conquerors such as Alexander and the Great Kahn of China, these nations began to fall just as soon as their conquests were started and so will Hitler disintegrate. "To conquer is a symbol of failure." Dictatorships are by their nature temporary.

4) *Our growing air power will cause economic strangulation to*

the Axis sooner than most people expect.

Materiel, machines and supplies are more important to ultimate military victory than they used to be and the Allied air destruction of the Axis' industrial, transportation and communication systems should win the war before the end of 1944.

A Boom or a Depression?

ALL of us are wondering "After the war—what?" "A Boom or a Depression?" "Are we going back to business as usual?" "What will be our social order, our economy, our political and government regulations?" "Will we go back to normal conditions again?"

History shows that a Boom follows a war. War expands and speeds up industries. The adversity caused by wars improves our efficiency and a replenishment boom follows because there is a big reservoir of pent-up desires. There are actual needs in this country, as well as in other countries, which are exhausted.

Our economy after this war will be better than after the last war. The people will owe nothing because of the Government restrictions on credit.

On the other hand the people will have a "cushion" and cash reserve from Victory Bonds already bought and those that they will have to buy by compulsory saving that will soon be enforced.

The people will have desires for, and need for, automobiles, electric refrigerators, homes and all the things they wanted and could not get during the past several years.

Business and Industry will be in a liquid position with a surplus of cash, because the scarcity of materials will deplete their inventories of merchandise and their receivables will be liquidated to a current basis because of credit controls and conditions. They will be debt-free and will need new

equipment and improvements, as well as replenishment of materials.

We Owe Only Ourselves

THE government will be debt-free—no external debt, only an internal one. The debt will be only to the people ourselves, nothing to other nations. They will all owe us. The principal will never be paid. No nation goes into bankruptcy just because the text books or economists say they ought to. England hasn't yet paid the costs of Napoleonic Wars. They finance the principal and pay only the interest.

Americans will have to feed, supply and rebuild the world.

All this points to prosperity and a big boom after the war . . . but, remember, we will have new conditions . . . new trends to take into consideration, such as:

- 1) *We now have a controlled economy* which will become regimented more and more and government regulations, more severe. The competition in efficiency by the totalitarian states may hang over us for a long time.
- 2) *Taxes will become higher*, because of our cost of the war and we will have to pay the cost of policing the world, because unless we accept this leadership, other leaders will spring up in other parts of the world, become ambitious and we will have the war to fight over again for the third time.
- 3) *Transportation and communication*. The rapidity of the airplane and radio have now brought up close-together with the rest of the world, so that our national economy is more closely tied up with the international economy. The oceans separating us are no longer weeks away, or a barrier between us, and most isolationists will now recognize this.
- 4) *Trend toward Socialism*—the "haves" against the "have nots." Inheritance and income taxes are fast leveling off the income and wealth of men and taking away from those who have and giving it to those who have not. Through Social Security, Old Age Pension and other new reforms, wealth will be further discriminated against, in order

to provide security to the "have nots."

- 5) *Population trends*. Medical science has lengthened life and the war is killing off many young men. We will, therefore, have in increasing proportions population of oldsters and women.
- 6) *The confusion and cost of the transition period* to the new way of life we are entering. The books that will explain the new world we are entering have not been written.

No More "Business as Usual"

AFTER we take these factors into consideration, we ask ourselves, "Then what—after the war?"

In my opinion, it is pure folly to entertain any hope of "getting back to normal" or "business as usual." It is over. It is a part of the past. We will not return to the world of 1918, 1928 or even 1939. Whether we like this or not—changes in our way of life are coming and we may as well plan and adjust ourselves to them. *This war is a social and economic world revolution* (this may seem radical to you, but you will find it to be the truth by later events).

It is more than one mad paper-hanger in Europe, or the Jap rats. It is a NEW MASS PHILOSOPHY—the voice of the people demanding security. It is the revolt of the hungry masses asking for food, which the farmers were paid to let rot upon the ground and the milk they dumped into the streams.

It is a cry against greed, hate, shorter hours, more pay, easier living, something for nothing, a good living without having to work for it and the desire for ever-increasing material pleasures.

It is a protest against the wholesale robbery and murder as well as the atrocities committed by Dictators under the guise of war and for their nation's honor.

It is a call to end the drunken, economic and social spree and to start a spiritual revival in the hearts of the people, as we can't escape punishment for transgression of *either the economic, the social or the spiritual laws!*

We Must Accept the Challenge

WE must accept the challenge of the New Era ahead. The capitalistic system as we now know it will give way to a better system. The new system is now not known and

books have not been written about it, but a better economy and social system will evolve from it over a period of years.

We will not be in the "booming twenties" or the "depression thirties," but we will be in the "unknown forties."

Production will have reached its peak and approached the point of diminishing returns.

We will have spent years in the development of science, engineering and management and developed it to the point where it is more important than men.

We should now look forward to the development of our HUMAN ENGINEERING and DISTRIBUTION. It is the distribution of the wants and needs of the people in the proper ratio that keeps them satisfied.

Necessity is the mother of invention and there will be a demand and need for men who have skill and genius in stimulating workers under this new system. As a result of the war and its aftermath there will be a need for men who can develop our DISTRIBUTION—our MANPOWER—HUMAN RELATIONS . . . experts in Human Management who will liberalize humanities.

Are Wars Progress?

THE world moves forward. It is always making progress. Wars are merely part of that progress. During the transition period there is always much confusion, upheavals—even chaos—but in the development of civilization, nature is broad and cruel in its scope. It does not take into consideration the individuals or the group it might seriously injure during that transition period.

It is bigger than the individual and the group, bigger than the relatively short transition period of Time. What counts is the ultimate progress that is made in the evolution of progress over a period of one thousand years.

The ideal way of life is: *peace, prosperity and security for all*. Maybe it will develop into a MERIT SYSTEM with its swift, natural laws of reward and penalty.

We know, however, that no system will ever be better than the men who operate it, as the problem of today is the people of today. It is the people who made the times and not the times, the people. There is nothing wrong with this world; it is just the people in it.

Therefore, the people will get the new type of economy that they deserve. I have profound faith in the old axiom that all things, not only water, seek their own level.

The world has come a long way in its 6000 years' rise from barbarism to civilization. There are always ups and downs in the history of nations—years of plenty and famine.

Is Civilization Tottering?

SOME believe our civilization is tottering and is in danger, but there were other days of doom: Let us turn back the pages of history 6942 years and read an extraction from an article published in the Egyptian City of Memphis 5000 years before Christ:

"The laws are cast out, and the men walk upon them in public. The lawbreaker is lord of wealth; the rich man has lost all. Scanty is gold; craftsmen are without work; the reaper of the harvest gets nothing, while he who plowed not, profits. The land is depleted. I show thee a land turned upside down."

Then read what Disraeli, Prime Minister of England, said in 1849:

"In industry, commerce and agriculture, there is no hope."

Even in this country, 85 years ago, *Harper's Weekly* published on Oct. 10, 1857:

"It is a gloomy moment in history. Not for many years—not in the lifetime of most men who read this paper, has there been so much grave and deep apprehension; never has the future seemed so incalculable as it has this time."

The English of the 18th Century said:

"Two hundred and forty millions of debt!" cried all the statesmen of 1783 in chorus—"what abilities or what economy on the part of a minister can save a country so burdened?"

What would the economists of those times think of our debt that is now in an upward spiral to 200 billion dollars? They would predict the Nation's "bankruptcy" . . . that our Ship of State could not weather such a "storm."

But—there is a calm after every storm. The sun always comes out again. Things are never as bad as they seem. The worst evil is the anticipation of calamities which never

CREDIT LETTER PSYCHOLOGY

The Cincinnati Association devoted its weekly Credit Club Luncheon to a discussion of the series of articles appearing in *Credit and Financial Management* on "The Psychology of Credit Letters." A number of leading Credit Executives have written to the editors praising this series. The third installment appears on page 12 in this issue.

happen. There are no hopeless situations, only men who have grown hopeless about them.

Individuals Show the Way?

HISTORY proves that civilization is not developed by the groups or masses but is always developed by the individuals: They have three instincts of passion that regulate the destiny of mankind:

- 1) *Self preservation*: Which kept our ancestors living, struggling in misery, cold, hunger and the danger of the cave days.
- 2) *Instinct of reproduction*: Or family instincts that provided always another generation to struggle, fight on and endure, to take our place so that our deaths will mean nothing—a new generation to carry on—eternal life.
- 3) *Ambition*: By which we are moved. It accounts for all self-improvements—everything that makes living better, safer, more beautiful. A man's ambition is not governed only by material wealth but in obtaining the goals in life that he sets up for himself and his offspring.

All individuals have the instincts of self-preservation and reproduction. We cannot take any credit for that. It is nature. But—only a few have ambition.

To those individuals who are ambitious, after the war, no matter what type of economy or social system exists, they will succeed in the same relative way.

There will be no allotments, priorities, restrictions or political regulations on Ambition, Initiative, Re-

sourcefulness of the individual.

There can be under no system of government or economy a law stopping the individual from THINKING, PLANNING, USING HIS BRAIN. Those who do will always tower above the masses.

The concentration of wealth or power in the hands of a few is inevitable in any society. Why? Because men, like animals, are unequal. Some are smart; some are dumb. Some are healthy; some are sickly. Some are brave; some are cowards. Some are strong; some are weak . . . and the strong ones always get to the top.

Then greed steps in and revolutionary action sets in. We go too far. The pendulum swings from weakness to organization, to power, to abuse, and then turns in the other direction.

This is not the end; it is only the beginning of a greater civilization. After each fall, we bounce up higher than ever before. We are not through; the future is always brighter than the past.

Remember that two million Americans have never seen an elephant. That's why the circus comes to town year after year with the same old stunts, the same old ballyhoo.

Every twelve months, millions of boys reach the "girl-crazy" age and start shaving for the benefit of the other million young women who immediately become clothes- and cosmetic-conscious—and in spite of a troubled world and wars, wedding bells keep ringing and each year a whole new crop of baby carriages appears.

Man is tough. Humanity will raise its head again!

An Open Letter to the Industrialists

The Urgency of Skillful Credit Management in a War Economy

DEAR Mr. Industrialist: To you any kind of *WASTE* is abhorrent. It eats into profits, ruins production schedules, creates shortages of essential materials, increases operating costs and generally raises havoc with plant efficiency.

How much more so, therefore, is waste in the economic structure abhorrent when we are in the midst of a race to implement effectively and quickly, in a period of war! A war in which we are engaged to save the very foundation of the democracy in which our industrial institutions have grown and prospered.

A non-wasteful economic structure is "critical material" to a successful prosecution of our war effort—ability to perform and smooth uninterrupted performance are essential to *maximum* production in a *minimum* of time.

Waste in the economic structure is as devastating to the war effort as any lack of critical material or plant facilities.

Waste in the form of idle equipment through the "folding up" of a plant or through distressed merchandise by the financial failure of a merchant reduces capital and slows down production and distribution.

Waste in Over-Due Accounts

AN economic waste occurs in every past due receivable, every over-extension of credit and every bad debt. The multiplication of such instances throughout the nation is a definite drag on the war effort.

You know, as do all practical minded business men, that much looseness in sales and credit practices developed through the exigencies of the '20's and '30's which requires prompt corrective treatment if we are to eliminate costly economic waste.

The "frills" and "fancies" of special terms, unearned discount, long-winded settlements, unreasonable adjustments, and allowances, are wasteful practices—"drains" sapping man-power hours and financial re-

By FRANK H. EICHLER

West Coast Credit Executive, American Smelting & Refining Co., San Francisco

sources of industry which need better be applied to the serious business of producing *more* "guns" and ammunition *faster*.

The creditman of today stands as defender of his country's resources!

You will agree that it is not patriotic to harbor the inefficient who insist upon special privileges in order to meet the competition of the efficient. It has been said facetiously when referring to business establishments that anyone can succeed presently because the need is for tremendous quantities of most every commodity—"even elephants can fly!" But a "flying elephant" surely would be no match for the efficiency and speed of a sleek Curtis P-40. *Maximum utility should be obtained from every asset in service today!*

Labor Scarcities

YOU are beset with difficulties in your efforts to obtain sufficient skilled labor for the efficient operation of your plants and factories, and will recognize that, although beneficial in normal times, operations which merely add finesse to commercial transactions must be dispensed with "for the duration" and, in this necessary movement, the service organizations of credit join you.

Costly facilities which contribute to the expansion of ethical and sound commercial practices, but which do not assist credit management directly in the vital work of investigation, analysis and appraisal of credit risks, are having serious consideration to the end that these expenditures of men and money shall not detract from or delay needed improvement and expansion of those services which are vital to the achievement of credit decisions with dispatch and precision.

We look forward to the release of experienced personnel and funds from the "intangibles" to the tangible

service departments which, I believe, you will agree is equally a contribution to the war effort as is the divergence of skilled labor from non-essential industries to your war factories.

In your anxiety to convert quickly to an all-out war effort basis, and to deliver finished implements and supplies of war with rapidity and essential quality, you lean heavily upon the specialists in your organization to devise, out of their specialized training, skill and experience, plans and programs which will assure results.

Experts to Help You

MAY I remind you that, in your organization, there are specialists in this field of minimizing economic waste—as investigators, analysts and appraisers of credit worth (ability to perform economically) having as their normal objective expansion of business with minimum losses, your credit personnel is particularly adept in the task of keeping your investments free from the corrosive effects of dissipated credit.

Credit management has an excellent record to show for its part in the war effort to date, as demonstrated by the generally healthy condition of the Nation's receivables, brought about in the face of necessary tremendous expansion in sales, and has exemplified further its aptitude for meeting extraordinary situations by the manner in which it has encouraged and facilitated the expansion of manufacturing and distributing abilities of war contractors by discriminating control and extension of credit.

But the job does not end there—"eternal vigilance is the price of progress." Business institutions are not static entities, but in a constant state of flux, forging ahead or retrogressing—success or failure.

Credit investigation, analysis and appraisal, is a *continuous* job. Keeping credit circulation and velocity free of impediments in a war econ-

omy taxes the ingenuity, skill and resourcefulness of credit management as does no ordinary phase of the business cycle.

Careless Credits Help the Axis

LAXITY in credit administration is no help to the war effort. Easy credit, credit approved without due investigation, or when investigation does not reveal definite ability to perform the manufacturing or distributing requirements and the accounting and financial needs, invites and encourages economic disaster.

Over-expansion, speculation, extravagance, frozen receivables, bad debts, distressed merchandise, and idle plants constitute WASTE of men and materials, equipment and resources, that might have been di-

verted to more efficient channels by astute credit managerial attention.

Permit me, if you will, Mr. Industrialist, a word of sincere caution: do not penalize the effectiveness of your cooperation in the war effort by permitting any decrease in the efficiency of your Credit Department! Anything less than a completely able Credit Department is "penny wise and pound foolish"—to say nothing of the detriment to the successful prosecution of the war.

Developing and expanding quality production units within industry is the task of credit specialists—discriminating credit management promotes the financial stability essential to *maximum* production in a *minimum* of time.

You have heard it often expressed

in normal times that "credit is the life blood of our trade and commerce" and that over ninety percent of business is transacted on a credit basis. "Without efficient credit control, the rapid advance of this Nation would never have been possible."

Credit can and *must* be a prime factor in producing the rapid expansion so necessary to a successful prosecution of the war.

The implements of credit management must be strengthened and experienced credit personnel retained on the job so that credit's function in the war effort may be accomplished with a minimum of WASTE in the economic structure and with the stabilizing influence of *efficiency*—any lesser policy is to handicap efficiency and hamstringing the war effort.

War Time Credit Complications

Fatalities Among Retailers Bring a Problem

By J. E. BULLARD

Special Writer

DURING the last war, many a small business man made more money than he ever before had made or has made since. During this war, the outlook is that small business men will not fare so well. This difference between the two wars presents to every credit manager some difficult problems. Some firms which have always been good credit risks are going to find it difficult if not impossible to continue to pay their bills promptly. Others may meet new conditions with a considerable degree of success.

According to reports coming out of Washington, D. C., it would appear that a quota of 300,000 small business concerns going out of business before the war ends has been set up. Whether or not this quota will be reached, whether or not it is an estimate based upon a careful study of the facts and the government policies, there is no doubting that the situation is serious.

As far as life expectancy is concerned, small business concerns can be divided into at least four classes. There is the concern which reads the handwriting on the wall and liquidates.

FOR example, a garage owner could not see how he would be able to get enough business to keep going when gasoline rationing and tire rationing went into effect. Therefore, he got a job he had reason to believe would prove permanent and hired a boy to operate the gasoline pumps. Just as soon as the boy fails to sell enough gasoline to pay the rent and the boy's wages, this man plans to store his tools, machines and equipment till after the war, at which time he will start in business again. That man is conserving his assets and, though he has ceased to be a customer of wholesalers, his credit should be good if he opens a garage after the war.

The owner of a lumber company was so located that with priorities and other government regulation, he figured it would no longer be possible to make the business pay. Accordingly, he has closed out the business and joined the army. Being a veteran of the last war, he experienced little difficulty in getting a commission in this one. He is conserving his assets and should he start in business again after the war, ought to be a good credit risk.

There is a very considerable number of small business men who are following much the same course. They are liquidating, investing their money in what they consider the safest securities, especially in securities or other investments which can be turned quickly into cash, and are waiting for the time when they consider it opportune to start in business again. If these men succeed in safeguarding their assets and in keeping them in liquid form, they are going to be able to make a new start and probably a successful one when peace returns, once again, to the world.

Those Who Hang On?

JUST about the opposite to the business men who liquidate and conserve their assets are those who hang on until they are forced into bankruptcy. Some small business concerns reach bankruptcy because they do not know their costs and the current condition of their business as well as they should.

A case in point is a retailer who was finding it more and more difficult to meet expenses. He hoped things would be better soon and made an appointment
(Continued on page 30)

The Psychology of Credit Letters

Accepting a New Account on Open Basis and With Restrictions

By HELEN M. SOMMERS

Credit Manager, Trojan Hosiery Mills, Indianapolis

C Large business houses take their credit standing for granted. A letter notifying them that credit facilities have been established for them would, as a rule, be a breach of good taste. It is the sales department that should write the letter of acknowledgment to them, welcoming their business.

When a small or moderately large account is accepted, however, the situation is different, and affords the credit man several good opportunities which he should not overlook. In a letter of acceptance, he can do constructive work in promoting goodwill, and he can prepare the soil for the proper attitude of respect in the mind of the customer, which will have an influence upon his manner of payment and other forms of cooperation.

It is good business to leave the impression with the customer that he is dealing with a house that operates on sound business principles—one that administers a careful and intelligent credit policy.

Friendly Respect at the Start

The effect is delicately flattering to the customer whose credit is accepted, and it creates respect. Coupled with this should be the equally important impression that the house is a friendly one, genuinely interested in the welfare of its customers.

Create goodwill:

By contributing to the customer's self-esteem.

By acknowledging his importance as a customer.

Create confidence:

By showing interest in his welfare.

Create respect:

By inferring careful supervision of credits.

Resell the goods and the house. (See page 12, October issue.)

Create Goodwill by Contributing to the Customer's Self-Esteem

MILD compliments such as those shown below lend a gracious tone to the letter, and serve the important purpose of putting your customer in a friendly frame of mind toward the house, and toward its credit man.

Courteous compliments, founded upon fact, are never out of place. Human nature expands and bellows under their influence. They are, however, both ineffective and in bad taste if they are made too prominent or obvious. Wave the compliment smoothly into the background, focusing your emphasis upon the most important thought in the letter.

Examples that Contribute to the Customer's Self-Esteem

These Comment upon His Good Record and Standing

the very *satisfactory rating* which Dun and Bradstreet assign to you

*

a rating which indicates *sound operations*

*

Your record speaks for itself.

*

We can't help commenting favorably upon a *good paying record* like this, even though you probably regard it as a matter of course.

*

The credit agencies speak well of the way you take care of your obligations.

*

Our credit investigation has brought us *completely favorable information*.

*

A report which shows a *long record of faithful payments*

*

years of service to your community

These Comment upon His Ability

the results of *capable merchandising and careful management*

*

We know you are proud that you have built your business *up to its present standing* in such a short time.

*

I was much interested in following *the growth of your business* as it was related in the credit report which we secured.

*

Mr. _____ tells me you have a *very active business* there. One of these days I hope to get down there and see it for myself.

*

Your financial statement shows that your business is in a *sound and healthy condition*.

*

In reading the report, I was particularly impressed by the *rapid turnover which you are securing* on your merchandise inventory.

*

We keep statistical figures here on retail operations. They show that *your turnover is above average*, as you probably know.

Create Goodwill by Acknowledging His Value as a Customer

ANY merchant likes to know that his business is appreciated. Too often we are prone to overlook

small courtesies, and to take favorable conditions for granted.

To acknowledge a man's value as a customer is to contribute to his feeling of importance.

Sentences that Acknowledge His Value as a Customer

We are *glad to do business* with a progressive house like yours.

*

We appreciate the *opportunity to work with you*.

*

It is a *pleasure to open business relations* with you.

*

We are glad that you have given us this *opportunity* to show you what our service can be.

*

It is a pleasure to have an account like yours on our books.

*

We should like to see you make full use of the credit facilities we are placing at your disposal, for *yours is the kind of account we enjoy having on our books*.

*

It's a privilege to work with an account like yours.

*

We are *glad to add your name* to the long list of progressive stores that are using our merchandise.

*

Accounts like yours we consider an *asset to our business*.

*

We *value your business*, and welcome the opportunity to work with you.

*

Use your account to the fullest extent. *We welcome your business* and the opportunity to demonstrate our service to you.

Create Confidence by Showing Interest in the Customer's Welfare

A LETTER of acceptance is an opportunity to strengthen good relations with the customer through the avenue of his self-interest.

Consider for a moment the nature of confidence in business relations. It is the feeling that one will not suffer loss, but will, on the contrary, gain by a transaction or an association.

Now if you convince your customer that your policies are, as a matter of good business, devoted to his welfare, you are playing to the dominant motive in his personality as a business man. Satisfy that motive, and you gain his confidence.

Therefore resell those policies of the house which are concerned with his welfare.

Sentences that Show Interest in the Customer's Welfare

We are sincerely *interested in the success of your new enterprise*, and *hope to contribute to it* by supplying you with high quality merchandise and our best services.

*

You may be sure that we will devote ourselves to making our relations *profitable to you*.

We wish you success in your new venture, and are here *to contribute by giving you the best possible service* we know how to render.

*

For we know that whatever we are able to do *to promote your interests* reflects back to us as your source of supply.

*

What we do *for your interests* is good business for us, too.

*

The policies of the credit department, like those of our entire organization, are based on the thought that *our customers' welfare* is the life-blood of our own business. That is just the recognition of the simple business principle that what we do *to promote your interests* reflects back to us.

*

Feel free to consult us at any time about any matter in which you think we can *be of assistance*. We want *our service to be as comprehensive as possible*.

*

Count upon our fullest cooperation to keep our business relations functioning *to your best advantage*.

*

If you come to the factory, don't forget to drop in and say hello to the credit department. We want to get acquainted with you, and to let you know that we are "just folks" vitally interested in *giving you the right kind of service*.

Create Respect by Inferring Careful Supervision of Credits

WHEN there is not enough money to meet all of the bills on the tenth, who are the creditors that are paid? Does a debtor pay a large house before he pays a small one? Or does he take advantage of the large house, and favor the little fellow? With whom is he most likely to cooperate by furnishing details of his financial situation when they are needed?

Several factors enter into the answers to these questions, but the one thread that runs through the whole fabric is the element of respect in the customer's attitude toward each particular creditor. If an individual is inclined at all to take advantage, he will do it where he feels that the creditor, large or small, is lax. Such a customer is quick to detect weakness, is secretly disrespectful of it, and strangely enough may even be ungrateful for the benefits of the advantage which he has taken.

On the other hand, the creditor who earns the respect of his customers through numerous avenues is much more likely to secure their cooperation. To be sure, he cannot afford to go too far in this direction. A stern attitude repels a customer, because it engenders the fear that the credit man would be uncooperative in case of real need. Don't wield a big stick. Merely show in various subtle ways that prompt payments are taken as a matter of course, that credits are supervised carefully, and that the policies of your house and your department are designed to safeguard your own rights and interests even while they are at the same time promoting those of your customers.

The time to begin this program of creating respect is in the letter of acceptance.

Sentences that Imply Careful Supervision of Credits

Our terms are net. Invoices are due on the tenth of the month following shipment.

*

Statements will be sent to you regularly at the end of each month for verification purposes. Should your records at any time not agree with ours, we should appreciate *prompt notification*.

*

Should any discrepancies appear between your records and ours, *please notify us promptly*.

*

The invoice covering each shipment goes right along with it, as a convenience to you in checking in the goods, and placing the charge in line for payment. It is a part of our credit procedure to accumulate and maintain a complete file of information on all accounts.

*

We are not overexact, but we do supervise our credits with the same *careful attention* that we give to the manufacture of our product. (Then proceed with a complimentary comment on the customer's credit record.)

*

Like all other business houses that operate *along sound lines*, we of course accumulate a file of credit information on each of our customers. (Follow by favorable comment on the customer's record.)

*

Our established procedure in opening a new account

*

We maintain a complete file of credit information on all of our accounts, because we like to give our customers the kind of cooperation that is based upon an intelligent understanding of their operations.

Analysis of Paragraphs Presented Below

- Par. 1 Shows that the credit checking procedure is careful; compliments; resells; appeals to self-interest.
- Par. 2 Appeals to self-interest; shows that credit checking procedure is careful, and that collection system is efficient.
- Par. 3 Shows that credit checking procedure is careful; inspires respect; compliments; appeals to self-interest.
- Par. 4 Shows that details of credit procedure are careful; suggests that punctuality is taken for granted.
- Par. 5 Appeals to self-interest; goodwill.

Practical Paragraphs

1. The credit report which we secured, *as we always do* when opening a new account, shows that *you have a thriving business*, and are securing an unusually good volume. It will be a pleasure to us to *contribute to your progress* by supplying you with a *high quality product*, and giving you *our complete cooperation*.

2. *Feel free to call upon us for any business service* which you think we can render. For instance, we maintain statistical files on retail operations *which we use ourselves to interpret credit reports*, but which our customers also consult from time to time for their own use. Others discuss their collection problems with us, and frequently we are able to help them.
3. Like most business houses operating by *modern methods*, we *accumulate a complete file of credit information* on all new accounts, so that we can *render intelligent credit service*. We do not need to tell you that the information which we received on your business is *highly satisfactory*, for you know your own record. We just want to say that we hope you will use to the fullest extent the credit facilities which we are setting up, for *we enjoy cooperating with an account like yours*.
4. Payment is due on the tenth of the month following the date of shipment. Statements are mailed on the first for purposes of comparison. *As in all details of our procedure, special care is exercised* in our accounting department, so that errors rarely occur. Should a discrepancy appear, please bring it to our attention promptly.
5. We regard every new customer as a potential friend of the house, with whom we hope to have mutually pleasant and beneficial relations, *perpetuated by the service we try to render*.

Analysis of the Complete Letter Shown Below

- Par. 1 Resells the goods.
- Par. 2 Shows that credit procedure is careful; compliments.
- Par. 3 Implies careful credit procedure; inspires respect.
- Par. 4 Inspires confidence by appealing to self-interest.
- Par. 5 Reflects friendliness and appeals to goodwill.

A Complete Letter

Gentlemen:

It is a pleasure to acknowledge your order of the 13th. It will be shipped Thursday, so that you will have the hose for Saturday selling. This is a beautiful, sheer stocking that will appeal to your most discriminating customers.

The credit investigation which we regularly make when we open any new account has brought us completely favorable information about you. Naturally this is not news to you, for you know what your own record is. Nevertheless, we can't help commenting that it is a pleasure to establish credit facilities for an account of your standing, and we hope you will use them to the fullest extent.

Our terms are Net; charges are due on the tenth of the month following shipment. Statements are mailed promptly on the first for purposes of comparison. Should any discrepancy occur between your records and ours, we should appreciate your bringing it to our attention promptly.

We are at your service at any time we can be of assistance in any respect. You see, in our organization we operate upon the simple business principle that our customers' interest are ours, for we know what we do to promote your welfare reflects

directly back to us as your source of supply.
The first time you are in our vicinity, feel free to drop in and pay us a friendly call.

Cordially yours,

ACCEPTING AN ACCOUNT WITH RESTRICTIONS

WHEN a customer's financial situation or other pertinent factors make it inadvisable to accept his credit for the full extent of his requirements, you may find it possible to work with him on a limited basis, or with certain conditions attached to the arrangement.

A customer who is newly established in business may, for instance, be induced to accept shipments temporarily on a half-cash arrangement; or you might place a definite limit upon the amount of an account, or shorten the terms of sale, or make provisions that each invoice is to be settled before the next shipment is made.

Since any proposal which restricts an account should be outlined definitely and frankly at the outset, and backed up by logical reasons, the customer's pride is in jeopardy and steps should be taken to save it from injury. Then, chiefly by means of reselling the goods and the house, he should be provided with a strong self-interest motive for working with you in spite of restrictions.

Save the customer's pride:

By attributing his situation to causes outside himself.

By showing confidence in his ability to improve his situation.

By merging him in a group.

Appeal to his self-interest:

By showing that the arrangement is for his best interests.

By showing that it is open to future expansion.

By showing that relations with your house will benefit him.

By reselling the goods, and the house. (See page 12, October issue.)

Save the Customer's Pride by Attributing His Situation to Causes Outside Himself

IF you are aware of specific business situations that have influenced your customer's financial situation adversely, mention them. If, to your knowledge, none exist, it is still tactful and kind to attribute the unfavorable aspects of his situation to outward circumstances generally. (See more complete discussion under this heading in the later chapter on Questioning an Established Account that is Slipping.)

A man newly established in business will resent any implication that you lack confidence in his business ability, but if you place the burden of your conservative attitude upon unforeseen circumstances, that releases him from responsibility, and avoids ill feeling.

Sentences that Attribute His Situation to Causes Outside Himself

These Are Addressed to the Topheavy Account.

We realize that a topheavy inventory can easily result from an unforeseen slump in business.

*

Our analysis should not, of course, be construed as

criticism. Such a situation could have been brought about by *circumstances beyond your control*, as we well know.

*

A slow moving inventory, that may be due to *special conditions in your locality*.

*

A comparison of your sales with your receivables indicates that *your customers are not cooperating with you* as closely as they should in the payment of their accounts.

*

Some circumstances with which we are not familiar has no doubt caused the topheavy relation between your indebtedness and your current assets.

*

You are handicapped by lack of ready working capital.

*

We know what *conditions* have been there in your locality.

These Are Addressed to the Newly Established Business.

Your plans have been carefully worked out; but in any new business *unexpected situations* do arise in the course of the first few months, and it is well for us to anticipate these possibilities.

*

We must make allowances for those *unexpected situations* that so often come up in the first year's operations.

*

You must not consider our conservative attitude a reflection in any way on your business ability. It is simply our policy to make allowances for those *contingencies* that most businesses have to cope with in the first year's operations.

Save the Customer's Pride by Showing Confidence in His Ability to Improve His Situation

UNLESS you take preventive measures, the customer is likely to feel that your action in restricting his account is a reflection on his business ability.

By direct inference to the contrary, the examples on the opposite page prevent such a reaction, and mildly compliment him in the bargain.

Examples that Show Confidence in His Ability to Improve His Situation

These Are Addressed to the Topheavy Account.

During the next few months, *while you are bringing this situation under control*, we suggest the following arrangement.

*

As your situation improves, we will . . .

*

We are confident that you are *taking steps to bring this situation under control*. In six months, we shall be glad to see a new financial statement and operating figures, *showing your progress*.

*

This arrangement is subject to frequent revisions, in keeping with *the progress which we feel that you will make* in bringing your situation under closer control.

(Continued on page 26)

Financial Statements In Credit Appraisals

Helpful Tools When Judging Capacity and Capital

WE have all heard and many of us have taken part in discussions on the relative value in the granting of credit of each of the three "C's." Most people maintain that character is the most important; some that capacity is the most important and a few that capital is the most important. In the matter of granting credit, however, many factors must be taken into consideration and no one factor is sufficient to justify the granting of credit.

Often quoted is the statement made by Mr. J. P. Morgan that "character is the fundamental of banking." In the money trust investigation, he said, "I have known a man to come into my office and I have given him a check for a million dollars when I knew he had not a cent in the world." There is no question in mind, however, that Mr. Morgan would have demanded something else besides character. He at least would have wished to have been assured that the person to whom the loan was made would be capable of putting the funds to such use as to make reasonably certain the repayment of the loan when it should become due.

A man may have a perfectly beautiful character, and yet if he does not have ability or sufficient capital to operate profitably, he is not going to be able to pay for goods purchased on credit. Payment cannot be made with good intentions only. Undoubtedly, we have all sustained losses from people whose character was above reproach.

Uncle Sam Changes Custom

ANOTHER thing which must be taken into consideration is the fact that character is based on custom. A few years ago, it was considered to be the only honorable thing to do to pay all obligations as they became due if at all possible. Under Government leadership, this is no longer considered to be of vital importance. Even the Government itself refused to pay certain obligations in gold, al-

By **LAURENCE S. DAY**
W. F. Schrafft & Co., Boston

though when the money was borrowed by the Government, a definite promise to repayment in gold was made. Various States and the Local Governments encouraged enforced moratoria of payments in various lines of endeavor, particularly mortgages on rural properties. It is no longer considered to be a disgrace to fail, but rather to be a disgrace to neglect to take advantage of the various laws protecting the debtor to the disadvantage of the creditor.

Please do not misunderstand me. I still believe that the possession of a good character is of extreme importance in obtaining credit. I realize that if a person has dishonest tendencies, he can stick a creditor regardless of the amount of capital which he has at the time he obtains credit.

I am merely trying to point out that character is not all important.

To judge capacity and capital, one must have available a financial statement or else a report from someone who has such a statement available. The mere fact that a man has an elaborate place of business, well stocked shelves and enjoys a position in the community indicating him to be a man of means is of no value. The place of business may be heavily mortgaged, the goods on the shelves may have just been purchased, and he may be a fourflusher. The only true way to judge his capacity is to observe the result of operations as indicated by financial or profit and loss statements and the only way to tell his net worth is by means of a financial statement.

When Statements Are Necessary

NATURALLY, we cannot expect any customer to furnish all his creditors with financial statements for a large number of the concerns which we sell have well over a hundred creditors. We can generally obtain

the necessary information, however, from some commercial agency.

The concern which I represent has only a few hundred jobbers, to each of whom a fairly substantial amount of credit is extended. I consider it to be of considerable importance, therefore, to have available a financial statement sent by the customer or obtained through a commercial agency. On the other hand, we have a large number of retailers, located in Metropolitan Boston, to whom we make sales direct. The amount of credit extended to any one of these is very small and we do not have financial statements on very many of them.

As a matter of fact, a financial statement on such concerns would be of practically no value, for most of the druggists are operating with chattel mortgages and have no financial basis for credit. However, going on the theory that most people are honest, and want to stay in business, we do extend credit to these concerns.

What Is a Financial Statement?

WHAT is a financial statement? A financial statement is merely a written record showing the financial condition of a concern at a certain time. The assets must equal the sum of the liabilities and the net worth. One statement merely shows condition at a certain specified time. Two or more statements of consecutive years, however, show trend. For example, if the net worth is increasing steadily, the concern is apparently operating at a profit. If it is decreasing steadily, the concern is either operating at a loss or the owners are drawing more out of the business than the earnings justify.

Much leeway is allowed the one who makes out the financial statement. One man may consider I.O.U.'s as being cash, and another may not. One man may write off all bad debts each year, thus keep the accounts receivable down, another man may be carrying in his accounts receivable many accounts which are not collectible.

Theoretically, each asset should be investigated carefully, but, of course, this is an utter impossibility for most creditors.

Of course, it would be a considerable improvement if each financial statement were prepared by a certified public accountant. Perfection would not be attained by any means, however, for even the certified public accountants have different ways of setting up financial statement figures.

It must be borne in mind at all times, therefore, that a financial statement is only indicative of financial condition and not an absolutely true picture necessarily.

The Laws on Fraud

IF a debtor is willing to furnish a financial statement through the mail, or in states having laws with teeth in them forbidding the issuing of false financial statements in any way, indications are that the concern is not operating solely with the idea of having a fraudulent failure. Of course, full reliance cannot be placed on this, but the criminal is going to protect himself as much as possible and he is in reality sticking out his neck if he issues statements in such a manner as to bring the Government prosecutors down on him.

In the event that a man intends to make a crooked failure and in order to conduct the business for a time as he wishes to conduct it, he needs goods which he can obtain only after having issued a statement, the chances are strong that he is going to pay those concerns who have received the statements so that they will not be in a position to bring criminal action against him.

In this connection, it may be interesting to quote from the Credit manual of Commercial Laws for 1942—

"The false statement laws so-called provide usually that the making of a false financial statement for the purpose of obtaining credit and with intent that it shall be relied upon is a misdemeanor punishable by fine and imprisonment.

"The crime defined by the statutes, which are similar in form to that of New York, is three-fold as follows:

- (a) Making a false financial statement with intent that it shall be relied upon, for the

purpose of securing the delivery of property, etc.

- (b) Knowingly procuring any property upon the faith of a false financial statement made by another.
 - (c) Falsely representing that a financial statement theretofore issued continues to be true, and procuring property upon the faith thereof."
- In other words, the statute aims to punish—

- (a) The maker of a false financial statement.
- (b) One who knowingly uses a false statement.
- (c) One who knowingly defrauds another by inducing him to extend credit on a statement previously issued which he knows to be false at the time of using it.

State Laws Vary

IN prosecuting the maker of a false financial statement, it is not necessary under statute such as that of New York, quoted below, to prove that any property was obtained upon the strength of the statement. In several of the states, however, a crime is committed only when property is obtained upon the strength of a statement.

Proof that the statement is materially false and that it was made for the purpose of procuring credit is sufficient to make out a prima facie case as against the maker of the statement of the crime defined by the New York statute. It is, however, necessary to show circumstances which tend to establish the fact that the statement was made with intent to be relied upon and such intent is usually provable by showing that the statement was sent to a mercantile agency for general circulation among the agency's customers or to an individual concern from whom the maker of the statement was seeking to obtain credit. Furthermore, as the law reads in most states, a false financial statement given for the purpose of obtaining an extension of time to pay is equally within the meaning of the statute."

Under the Federal Law, a financial statement sent through the mails which is false is using the mails to defraud. Prosecution under the Federal Law is frequently easier and more successful than under State Laws.

Profit and Loss Statement

WHILE the financial statement by itself is of considerable value, the profit and loss statement for the period just preceding the date of the financial statement is of equal value. The two statements together are worth much more than twice either one.

The profit and loss statement shows trend. It reflects capacity as well as capital.

With the assistance of a profit and loss statement, one can interpret a financial statement much more easily. For example, if accounts receivable are inflated as the result of bad debts not having been written off as they should have been, this is shown by a smaller percentage of sales divided by receivables. If much obsolete stock is on hand, this will be shown by the slow turnover of inventory obtained by dividing the cost of goods sold by the inventory.

While the profit and loss statement is fully as valuable as the financial statement, it is much harder to obtain. As you have all observed, the commercial agencies now obtain financial statements from most of the houses of any size, but they rarely do obtain profit and loss statements.

One for Every Risk

I HAVE endeavored to point out that I consider the financial statement to be of considerable importance and one should be available on every customer to whom a substantial amount of credit is extended. I do not care if a man may be of the highest possible character. If he does not have the ability to operate a business successfully and the capital with which to operate that business, he cannot succeed. A credit limit beyond which under no circumstances could additional credit be given, but as a guidepost to show that a further investigation should be made whenever that limit is exceeded to any extent. Certainly to set a limit without some financial information would be practically an impossibility. Of course, there are exceptions, such as when a very small amount of credit is needed by a concern which is extremely well rated.

If we assume that a financial statement is imperative, we must take into consideration that what is just as imperative is the ability to read the statement properly. As I have pointed out previously, concerns keep their

books in many different ways and a variety of methods of making out financial statements is the result. However, if both a profit and loss statement and a balance sheet are available, checks can be made by use of ratios. May I mention a few?

The current ratio is the percentage found by dividing current assets by current liabilities. Current assets can be inflated either intentionally or unintentionally with the result that this ratio may be higher than it would be were the books kept properly. However, there are checks on this.

If cash is very high, it may be well to have a breakdown to find out how much is in the bank and how much on hand. If the amount on hand is very large, probably there are I.O.U.'s in the cash and the asset should be discounted.

Important Points to Check

IF accounts receivable are high as a result of many poor accounts being carried on the books, this will be shown by dividing the accounts receivable into the sales and if the resulting quotient is very small, this asset should be discounted.

Another asset which may be inflated is that of inventory. Many slow moving items may be in stock which should have been sold at a sacrifice or worthless articles may be carried in stock. However, by dividing merchandise into cost of goods sold one can discover by analyzing the turnover whether or not the merchandise inventory is too large.

Another ratio which is of importance is that of current debt to net worth. If the current debt is out of line, the customer is being financed too largely by his current creditors.

The debt to net worth ratio is similar to the one just mentioned, except it shows the amount of financing being done by all creditors, including those having long term claims against the debtor.

Turn-Over of Capital

AN interesting ratio is one showing the turnover of capital which is obtained, of course, by dividing sales by the net worth. If the customer turns his capital over too few times a year, he is not getting the proper return on his investment and is apt to become discouraged to the detriment of his creditors. If he is turning his capital over too fre-

quently, he is being financed too largely by his creditors and as a result, may find himself in difficulties.

The gross margin of profit is of considerable importance, but should be taken only in relationship with the expense items and the various turnovers. Naturally, the concern operating on a small gross margin of profit must also operate on small expenses. It should also have excellent turnover of assets and net worth. If it operates on a large gross margin of profit, it has more leeway with the expense items and the turnover of assets and net worth.

Of course, the profit and loss item in which both the debtor and the creditor are most interested is that of net profit. The net profit may be small on the gross profit because of large operating or other expenses. If the net profit is very small, it is well worth while to find out the reason for the condition. Of course, if the concern operates consistently at a loss, steps must be taken to correct this for

no concern can operate indefinitely unless a profit is made.

There are many other ratios which can be figured, but I shall not take the time to go into these.

Assuming that the customer is honest, we as credit men are of course interested in seeing him a success. The financial statements in addition to giving us something on the basis of which we can set a credit limit and help to keep our losses at a low level, also place us in a position whereby we can give help on occasion to some worthy customer. In this connection, however, I believe that we should keep before us at all times the relationship between the creditor and the debtor. Obviously, a concern having well over a hundred creditors would not take very kindly to having each one of those creditors endeavor to tell him how to run his business. I believe, however, that reasonable suggestions are welcome at all times, and if the relationship is particularly close, a detailed list of recommendations may be acceptable.

How Credit Men Can Aid In Civilian Defense

EN The burst of Japanese bombs on Pearl Harbor 11 months ago sounded the call to arms to America's millions of men and women. That Pacific sneak-play not only was a challenge to our armed forces, but to every member of every community throughout the United States. Overnight, the task of winning a war was placed squarely in the laps of every citizen, and today, almost one year later, there is still much to be done.

Civilian Defense, like most other things, has credit and debit sides to its ledger, and, like a healthy, growing business, entries on its debit side are dwindling day by day. Where once was written in bold red letters, "Public Apathy," is now inscribed "Minor Non-cooperation." Where once was "National Confusion," is now only an occasional "Local Confusion" entry on the debit side. And the reason for this is that millions of American men and women, understanding the gravity of the situation, are facing it without fear and are do-

ing a magnificent job. But many others stand baffled, overcome by the enormity of the war.

The Usual Question

"WHAT can I do?" comes the anxious query from California to the Carolinas, from Maine to Florida. There are a thousand answers to that seemingly simple question. Go immediately to your local Civilian Defense Council. Offer your services. But before you go be sure that you know one thing: you may be asked to do dirty, rolled-up-sleeves jobs, dull routine jobs, jobs that you don't particularly want to do. But these jobs must be done.

You may be asked to become an Air Raid Warden, a Fire Watcher, a member of a Rescue Unit. Your community may be the target of fascist attack and if it is, if bombers darken the skies, you must be ready. Members of America's Citizens Defense Corps have already earned the respect of their neighbors and of their nation. The action of the men and

(Continued on page 40)

Better Business Correspondence in War

Written Communications of Great Importance in This Trying Period

CF The subject that I have chosen is "The Relationship Between Better Business Correspondence and Better Business." The war has already disrupted transportation and communication methods. Salesmen and representatives have been called to war; rubber and oil restrictions have necessitated the curtailing of automotive vehicles; increased travel costs have curbed personal visitations. Consequently, we can see that correspondence will play a vital part in keeping the lines of communication open.

How can we write better letters? By giving more thought to improving the diction, the tone, and the psychology of our letters. I like to regard a letter as an ambassador of goodwill, a personal emissary. If your letter is to accomplish its purpose, be it a sales letter, a credit letter, a collection letter, it will strive to make the same impression that you would, were you to call upon your reader in person. Your letter should be as human as you are human, as natural as you are natural. Its personality should be your personality. Let me give you a letter which personifies to my mind the great character and personality of Abraham Lincoln. It is addressed to Mrs. Bixby of Boston, Massachusetts, the mother of five sons who were lost in the Civil War.

Mrs. Bixby
Boston, Massachusetts
Dear Madam:

I have just been shown in the files of the War Department a statement of the Adjutant-General of Massachusetts that you are the mother of five sons who have died gloriously on the field of battle. I feel how weak and fruitless must be any words of mine which should attempt to beguile you from the grief of a loss so overwhelming. But I cannot refrain from tendering you the consolation that may be found in the thanks of the Re-

By CHARLES
CHANDLER PARKHURST
*Assistant Professor of English,
Boston University*



public they died to save. I pray that our Heavenly Father may assuage the anguish of your bereavement, and leave you only the cherished memory of the loved and lost, and the solemn pride that must be yours to have laid so costly a sacrifice upon the altar of freedom.

Yours very sincerely and respectfully,
ABRAHAM LINCOLN.

Personality Shown Through a Letter

WHAT simplicity of language; what depth of meaning and understanding. Every sentence exudes the personality of the writer. There are no mechanical phrases, no clichés, no trite expressions. Lincoln wrote with genuine feeling and sympathy. Here you find a letter that accomplishes that difficult task that confronts all letter writers, namely, the reflection of a personality through a pen.

Good diction is one of the most important requisites for effective letter

writing. The language you use should be original, fresh, stimulating. Avoid such worn-out expressions as *advise*, *and oblige*, *at your convenience*, *beg to state*, *favor*, *have before me*, *take pleasure*, *wish to say*, and the like. Moreover, such needless introductory sentences as, "We have your letter of the 10th," or, "We have received your inquiry (or application for credit)." How much more direct it would be to answer immediately the question raised, or the problem presented in "the letter of the 10th." Moreover, instead of merely acknowledging an inquiry (or application for credit) it would be far more businesslike to say something like this: "Thank you for your inquiry of January 4," or "We are pleased to give you the following information in answer to your inquiry of January 4," or, "We very much appreciate your application for credit." It matters little what words or what arrangement of words you use, provided your diction is clear, concise and dignified.

The tone of your letter is as important as the language. In fact, one is the hand-maiden of the other. The language you use suggests the tone. There are as many tones as there are attitudes. There is the friendly tone, the acrimonious tone, the optimistic tone, the pessimistic tone, the sincere tone, the flatterous tone, and so on. It behooves each of us to show clearly in our letters that tone which is most fitting and appropriate. As has already been suggested, it is well to indicate in your opening paragraph the tone of your letter. This can be accomplished readily by the careful selection of words.

An Answer to Request for Credit

Observe the following letter. How cold, perfunctory and negative is the tone.

Dear Sir:

We have received your letter

of October 10 about opening a charge account. In reply we must inform you that we cannot open an account in your name unless you provide us with references. Moreover, it will be necessary for you to fill out the inclosed credit application form. If all the information we receive is satisfactory, credit will be granted.

Yours truly,

Now contrast the foregoing letter with the following. Note how cheerful and positive is the tone.

Dear Sir:

Thank you for your inquiry of October 15 concerning the opening of a charge account with us. We are always glad to welcome a new customer. Be assured of our desire to serve you.

You are no doubt familiar with such blanks as the one we are inclosing. It facilitates for us the opening of an account.

If you will please fill out and return this property form immediately, we shall make the usual inquiries as rapidly as possible, and so hasten the opening of your account.

Yours truly,

Little originality of thought or expression is used in the following letter.

Dear Sir:

In response to yours of March 12, we beg to inform you that we have opened a credit account in your name and are handling your order under our number 3679, which please note for future reference.

Hoping to receive your future orders, we remain,

Yours truly,

An Appreciative Letter

YET the writer of the letter below has tried to say something different. The letter is appreciative, friendly, and helpful. The tone is encouraging and salesappealing.

Dear Sir:

We are pleased to extend to you, in response to your request of March 12, our most favorable terms, 2/10, net/30.

The information we have received concerning you is completely favorable to you personally and as a business man that

we appreciate your choosing us to supply you with merchandise. Your order is going forward today.

You may be assured of our complete co-operation at all times and of our efforts to help you realize larger profits through the quick sale of our goods.

We have packed with your order our latest assortment of window display cards, with full directions how to make the display attractive. At stated intervals you will likewise hear from your business promotion department, which is conducted exclusively for our customers, without charge.

We are looking forward to pleasant business relations.

Sincerely yours,

As most of you know, there is a right way and a wrong way in requesting credit information. You will either antagonize and insult your prospective customer, or you will induce him to give you willingly the information you seek. I like the tone and approach of the two following letters.

Requesting Credit Information

"It is a pleasure to consider the matter of opening a charge account for you. We have enjoyed your past patronage.

"Before opening charge accounts, we must have certain references and information as a matter of customary credit routine. In your answer will you please include the name of a bank with which you do business, and the names and the addresses of two persons in the city to whom we may refer? From the length of time we have enjoyed your patronage, it is evident that you have been for several years a resident of Springfield. Have you charge accounts at other department stores?

"Some attractive patterns in table linen came in today. They are of the same quality as the piece you were considering on Friday when you asked about credit. Perhaps you will want to see them.

"Your name now appears on our list of credit customers. Thank you for the opportunity you have given us to show the

service we are prepared to offer.

"As the information from the various agencies is somewhat inadequate, we are enclosing a card that, when returned, will enable us to know more about your business interests and desires. With this information we shall be able to serve you promptly in the future. We look forward to pleasant business association."

Perhaps the most trying problem confronting credit men is writing a letter refusing the applicant's request for credit. You would like to hold his goodwill, and keep him as a cash customer until such time as his financial condition justifies his availing himself of your credit facilities. Too frequently the tone of such letters provokes the customer and drives him away. Note how tactfully the writers of the following letters have handled this problem.

Dear Sir:

Thank you for your order of November 4 and for your courtesy in enclosing credit information and references. We have examined your business statement with care.

We have gathered some complimentary opinions about your personal character and business ability, showing that you have developed an enviable reputation among those with whom you have done business. Our study of your balance sheet reveals, however, certain aspects that, in our judgment, might easily endanger your entire financial position. There is no question in our minds that the ratio of assets to liabilities shows you to be at the moment inadequately capitalized. You need additional capital. This should not be difficult to obtain in view of the favorable business opportunities promised by your present location. A capital addition of \$5,000 would be satisfactory.

We shall be glad to co-operate with you to the fullest extent in any way that may lead to a satisfactory future credit basis. Meanwhile we shall be glad to take care of your current needs with our most favorable cash terms.

We believe you will find this arrangement satisfactory for the

present, and a good basis for becoming better acquainted.

Our first shipment will go to you at once if we may have your favorable answer.

Yours very truly,

Dear Mr. Homan:

I have tried in every way possible to convince myself that it would be right for me to pass for shipment your order given to Mr. Brown when he called on you last week, but I simply can't do it until you have been able to reduce your present open account.

I know you will be disappointed, but I do not want you to feel at all hurt. It is not a question of confidence in you—our past relations show that. It is simply not discreet, in the present trade conditions, to carry an open account of more than \$3000 for a store doing your volume of business. I have been strongly tempted to put this order through, because of my great respect for you personally, but my better judgment tells me it would do neither of us any good.

As none of your April invoices will be due for some weeks, I suggest that you send us a thirty-day note for their total, \$1,127.32, which will permit us to fill out the present order at once.

You may feel we are being too stiff over this matter—but if you will think it over, I believe you will see that what is a safe credit for us to give is a safe credit for you to take, and anything over that is a bad indebtedness for you to assume in the present state of the market.

I hope you will see the matter in this light, and that I shall hear favorably from you as to the note for the April invoices.

Faithfully yours,

Avoid Negative Tone

THE foregoing letters are in great contrast with the negative tone of the following one:

Dear Sir:

In reply to yours of the 18th inst. we are sorry to be compelled to state that we must have your check before filling your order. Although we do not doubt your

ability or honesty as a businessman, nevertheless the information we have received is such as to justify us in requiring cash with the order.

We, therefore, hope you will remit so we can fill your order promptly.

Hoping to receive your check, we are,

Yours truly,

A good collection letter, as you know, is one that obtains the payment of account and yet retains the good will of the customer. There is no reason why the tone of the collection letter should not be friendly but insistent, considerate, but constructive, sympathetic, yet firm. Perhaps the strongest appeals in such letters may be to the customer's sense of (1) honor, (2) self-interest, (3) business pride, or (4) fairness.

I like the two opening paragraphs of the following letter. Note how frank and cordial the writer appears.

Dear Mr. Jones:

Did you ever sit down and try to write a collection letter that would bring the money sweeping in without hurting anyone's feelings, or leaving the impression that you are hounding a man? It's *some* job.

You don't want to be too formal, because it will sound like a sheriff, and yet if you are too easy-going about it, you are afraid it won't be taken seriously. The task is on my hands; so here goes.

Do Not Be Too Terse

SOMETIMES a short compact letter will turn the trick. Perhaps some of you have heard the one paragraph letter sent out by the promotion manager for a radio station which brought checks from over fifty per cent of the people to whom it was sent. It is a "last resort" letter.

Dear Mr. ———

Will you please send us the name of a good lawyer in your community—we may have to sue you.

Very truly yours,

There is just enough humor to temper the seriousness of the situation. I like the psychology and tone of the following collection series:

Dear Sir:

An account is like a train. Re-

gardless of every effort, both are sometimes late.

We are sending you this notice because your account is a little overdue, and we are asking you just as we would ask the Station Master, "What time do you think the train will arrive?"

You will find attached a February 1 statement showing a balance of \$40.00. We should appreciate your sending us a check saying, "Here it comes now."

Yours very truly,

Dear Sir:

We are writing you this letter to let you know that we do appreciate your business, and at the same time call your attention to your past due account amounting to \$40.00.

Apparently, the train we wrote you about, which was carrying your check, has been sidetracked. Anything you can do to get it back on the Main Road and on its way to Haines and Brenton will be appreciated.

Yours very truly,

A Pat on the Back Helps

UNDOUBTEDLY all of you are familiar with the letter sent out by the credit department of many progressive firms today, namely, the letter of appreciation to customers who have always been prompt in the settlement of their account. Some may say that such letters are wholly unnecessary, but I think they have much good will value.

Dear Mr. O'Donnell:

As the months go by, stretching into years, the Credit Department writes hundreds of letters. Yet—and this is truly a paradox—practically all these letters are written to possibly only five per cent of our accounts. The remaining ninety-five per cent, because of their spotless paying record, seldom hear from the Credit Department. To you, to whom we are so indebted, this sincerely appreciative letter is dedicated.

If you have ever felt that your unblemished paying record has proven futile, that it is unnoticed and unappreciated, you are mistaken. It is undoubtedly an accepted fact that we are seldom
(Continued on page 25)

The Good Will Side of Credits

A Credit Manager Looks Over the Fence at Sales

FM Salesmanship and credit work are often thought of as being unrelated. This is fallacious thinking because the Credit Department is one of the most fertile fields for salesmanship.

Unfortunately, this specious thinking as to the relation of credit work and salesmanship has a basis in that far too many Credit Managers fail to realize their opportunities for salesmanship—or they do not have the ability or inclination to make use of the opportunities which are presented to them each and every day.

By repute, credit men are perennial grouches. In actual practice, most of them are of a kindly, sympathetic nature, but unfortunately, many give an erroneous impression of having a negative outlook on life.

When dealing with customers Credit Managers frequently adopt a negative, hard-boiled attitude because they feel it is necessary to maintain a defensive, non-committal position. In the first place, it is not necessary to maintain a defensive position. Secondly, a negative attitude creates unnecessary opposition to the Credit Manager and his work. Most important of all, there is a better way to do it.

"What Can I Do for You?"

SUPPOSE a customer comes in to see you. Do not assume a scowl, or even worse, a blank look. Get up from your desk, greet him with a smile, shake hands, help remove and hang up his hat and coat and offer him a chair. As soon as possible open the conversation with "What can I do for you?"

This will save a lot of useless remarks, will bring the conversation to a focal point and completely disarm the customer. He expects opposition. His surprise at finding an open-minded viewpoint weakens his defenses and leaves him in a position which is wholly advantageous to you.

By this method, a favorable attitude is created and at no penalty but

By D. A. GRANT
*Division Credit Manager,
Socony-Vacuum Oil Company, Chicago*

with a benefit to the Credit Manager. In asking if you can do something, you are making no commitments. If what he asks cannot be done, you are still free to refuse him.

If his request can be granted, there is a double score in your favor—you have created a friendly, initial state of mind on his part, and have clinched it by granting his request. He will leave your office feeling that you and your company are pretty good people to do business with.

Customer Value

These customers are the very lifeblood of business. Without them, there would be no sales. Without sales, there would be no credit work, and without credit work, there would be no credit men.

Delinquency is not to be condoned, but as long as merchandise and services are sold on open account, there will be people of unworthy credit who seek to incur bills which they cannot pay, and there will be those who obtain credit and subsequently become delinquent. These people cause a lot of work but they are one of the essential reasons for having a Credit Department.

Study Human Nature

MANY phases of credit work are disagreeable, consequently, it is an easy matter for credit men to develop a negative attitude, but, with a little more effort, these matters can usually be handled on a friendly basis. The results far exceed those obtained by negative handling.

There are plenty of times when the Credit Manager must deal firmly and definitely with a situation, but in the overall picture, it still holds good that "You can catch more flies with sugar than with vinegar."

A good knowledge of human na-

ture is a very necessary quality in handling customers. One year, a collection letter went to a delinquent customer in the early part of December. He replied with a \$25.00 remittance on account, and stated that he had been saving this to give the family a little Christmas cheer, but evidently the creditor needed it worse than they did.

The Credit Manager returned the check by the next mail accompanied by a letter which pointed out that the indebtedness was incurred and should have been paid long before Christmas time, but that his company did not need money badly enough to deprive a wife and children of a Happy Christmas.

Therefore, he asked that the customer spend the \$25.00 on his family, and after the holiday season was over, take care of his account whenever and in whatever manner he was able to do so. The whole matter was left up to the debtor.

Nothing further was heard until the latter part of January when the delinquent sent in a remittance in full accompanied by a letter saying that he did not have sufficient money to cover the bill, but that he had made a loan from his local bank. The \$25.00 had been spent on Christmas presents for the family, who sent their best wishes to the Credit Manager and expressed the hope that they would make his personal acquaintance some day.

The payoff was in the postscript which read, "You are a smarter man than I am. This is the first time I ever spent that much on the wife and kids, and only did it now because you called my bluff." Incidents like this built customer goodwill and goodwill creates sales.

Sympathy as a Factor

SYMPATHY is another prime factor. A Credit Manager learned that a farm customer had been injured by a tractor. Immediately a letter of sympathy was sent to the farmer's



**"Hire him . . .
he's got
an honest face!"**

Don't be Overconfident, Mr. Employer.

Records show that practically every embezzler
has an "honest face." The only real guarantee
against loss is adequate employee dishonesty insurance.

Consult our agent or your
own broker today.

BE SURE—INSURE!

**AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY**

Home Offices: New York

FIDELITY • SURETY • CASUALTY

When writing to advertisers please mention Credit & Financial Management

wife assuring her that she should feel free to call on the company's agent for such products as she needed during her husband's illness and convalescence.

The matter of payment was left for discussion with her husband after he recuperated. The farmer recovered and that letter created a bond of customer goodwill that still exists after many years have gone by.

Another essential is an understanding of conditions which are beyond the customer's control. During the period in the early 1930's when banks were closing one merchant who had always maintained a good credit standing, gave checks to two creditors who supplied similar products. Both of these were returned because the bank closed in the meantime.

One of the Credit Managers 'phoned the customer immediately and demanded that he produce cash within one hour to pick up the check. This was impossible because practically all of the merchant's ready cash was tied up in the closed bank.

"Conditions" as a Fourth "C"

THE other Credit Manager wrote a letter telling that the check had been returned unpaid, that he understood the difficulties this could create, and it would be agreeable for the customer to take care of the check whenever he was able to do so.

In the meantime, he was to feel free in ordering additional merchandise. Having built up a good credit record in past times, he was entitled to make use of his credit standing in this period of financial stringency.

Both Credit Managers got their money, but the one who showed an understanding of the situation got his first, and you can figure out who got all the customer's business from that time on.

A sense of humor can be used to good advantage, but it takes a fine discretion to know just when and to what extent this can be done. A Credit Manager called on a delinquent customer and immediately became the butt of a tirade of vituperation. When the customer finally stopped for breath, the Credit Manager asked if he could say a few words.

How the Trick Worked

IN the meantime, he had folded up a piece of paper in a certain fashion and then proceeded to tell a story

about a man who had died and was enroute to his eternal home. The story was accompanied by tearing the paper in a manner which lead to the obvious point that the customer could not expect to reach Heaven, but that the Credit Manager would.

The Credit Manager then announced his departure, but the customer insisted that he stay and teach him how the paper tearing trick was done because he had a customer on whom he wished to use it. After the customer learned the trick, he voluntarily gave a check to the Credit Manager. It was for twice the amount the latter had hoped to collect.

One of the most important qualities is a sales sense—the ability to realize a sales possibility where none is openly evident. A young, junior credit man received a credit card application from an individual. Instead of handling the matter in a routine manner, he called on the applicant, explained the mechanics and uses of the credit card system, and suggested that the applicant's company might find credit cards convenient for all of their personnel. The company accepted the idea, and the total sales to date have been \$35,000.00 at the rate of \$1,800.00 per month.

The same credit man received another application. The credit was unquestioned, and it could have been handled quickly by issuing the credit cards and mailing them to the applicant. Instead of that he made a personal call on the Purchasing Agent.

It developed that the customer had made application to all credit card issuing companies, but this young man and his company was the only one who had shown any personal interest in the matter. This appealed to the Purchasing Agent to such a degree that before many months had gone by, he concentrated all purchases to the one company. Sales have totaled \$90,000.00 and are still continuing at \$2,500.00 per month.

Your Knowledge May Help

CREDIT men should have a general knowledge of finances and accounting. Sometimes cases develop where this knowledge can be made available to a customer. The ability to render this service is beneficial to sales even though the results come indirectly.

A knowledge of economics is a necessary requisite of a credit man's

education. He should know the basic principles and should be acquainted with the general economic situation at all times. In addition to this, he should have a very accurate knowledge as to the local, daily economic position in the various parts of the territory under his jurisdiction.

Such knowledge and its uses may seem remote from sales but, on the contrary, there is a very close relation. The degree of credit is not a fixed thing. Economic factors are variable and as they vary there are times for contraction in credit policies just as there are other times when these policies can be relaxed.

The goal of every Credit Department should be to obtain maximum sales at a minimum of loss. The degree to which this goal is reached depends greatly upon the Credit Manager's education in the multitude of ever changing factors which relate to credit work.

Closing

A former Vice President and General Sales Manager of one of the large tobacco companies placed great stress upon one item in salesmanship. He would relate how, in his younger days, he had secured an order for an unusually large quantity of a little known brand of tobacco.

He was so elated in making the sale that even after the order had been signed, he continued to extol the virtues of his product to the customer. The customer listened for a little while, then took the order back and tore it up with the explanation that the young salesman had talked too much, that there must be something wrong with the tobacco.

Hard to Keep Up

Murphy's landlady said: "Pat, I'm afraid I shall have to charge another 2 shillings. You're such a big eater."

"For heaven's sake don't do that!" said Murphy. "Im killin' myself already, trying to eat what I'm paying for now."—*Exchange*.

Inference

A lady motorist was driving along a country road when she spied a couple of repairmen climbing telephone poles. "Fools," she exclaimed to her companion, "they must think I never drove a car before."—*Exchange*.

Better Business Correspondence in War's Trying Period

(Continued from page 21)

praised for our virtues, while our faults are often brought before us.

Your payments with us have been an endless source of gratification, and they have contributed materially to our relations. They have built up the desirability of your account, the inestimable value of it. Each succeeding year should—and will—add more and more to the mutual relations of one fine firm to the other.

You have come through trying years and now face a happy future. We were a part of those past years; we want to be an important factor in those of the future. Your cooperation with the Credit Department assures the continuance of mutually happy and profitable relations—and we thank you sincerely for that splendid cooperation. We know it will never be otherwise.

Sincerely yours,

Avoid Inter-Department Friction

ONE last word. I have yet to be associated with a company in which there was not some friction between the sales department and the credit department. In many cases, neither one is wholly blameless. Salesmanagers in their eagerness to maintain or increase sales frequently disregard the question of credit. Credit managers, on the contrary, have been criticized for being too severe in the matter of credit. It would seem to me, therefore, that salesmanagers must be credit minded and credit managers be sales minded. For, after all, it is not profitable to do business if there is no profit.

In closing, let me leave with you this thought, that the requisites for success in letter writing are the same requisites for success in business. Magnanimity, honesty, character, consideration, courage, cheerfulness, understanding and a command of English—all are as essential to effective correspondence as to a successful business career.

HELPING BURROUGHS USERS MEET TODAY'S PROBLEMS
WITH THEIR PRESENT EQUIPMENT

**Ideas that may help
you get more out of
Burroughs machines
you now own**

Extend use of machines to other jobs—

by determining whether your machines can handle more work or new jobs . . . posting more records in combination . . . obtaining statistics or figures for reports as by-products of your regular posting routines.

Eliminate bottlenecks that slow up work—

by relocating machines or rearranging the flow of work to the machines . . . changing routines or methods to avoid rehandling of figures or records . . . eliminating unnecessary checking and proving.

Make better use of your equipment—

by relieving operators of non-posting duties . . . using relief operators . . . making sure that operators know short-cuts and how to make the best use of time-saving machine features.

Avoid mechanical interruptions—

by keeping machines in the best possible operating condition through regular inspections, cleaning, lubrication and accurate adjustments by Burroughs mechanical service men.

1 1 1

The Burroughs systems and installations staff, with its technical knowledge of machines, applications and procedures, can help you meet your changing accounting requirements. Burroughs factory-trained, factory-controlled service organization is ready to render efficient mechanical service to all users. Just call the local Burroughs office, or, if more convenient, write direct to—

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

Burroughs

★ FOR VICTORY—BUY UNITED STATES WAR BONDS AND STAMPS ★

The Psychology of Credit Letters—Parts III & IV

(Continued from page 15)

Just as soon as you bring your affairs more in line, as we feel sure you will do, we shall be glad to . . .

This is in no way a reflection upon your good intentions, or upon your ability. We feel that you will soon be able to improve your situation, and make it possible for us to provide more flexible arrangements for you.

These Are Addressed to the New Enterprise.

As your business grows, the arrangement can be made more elastic.

Consistent with the growth of your business, we shall be glad to . . .

After we see your next financial statement, reflecting the progress which you are making,

Of course this line of credit is subject to frequent revision in keeping with the expansion and progress of your business.

If you will keep us in touch with your progress by giving us volume and expense figures each month, no doubt we can increase this amount right along.

While you are getting yourself established,

After you have operated for six months, and show the progress which we anticipate, we will . . .

Save the Customer's Pride by Merging Him in a Group

THE examples below, addressed to the topheavy account, remove the customer's discomfort at feeling conspicuously deficient. By inferring that in like circumstances any other merchant would be in the same situation, these sentences place him on a common footing with others, and remove all suggestion that you consider him inferior.

Any proposal offered on the grounds of general business policy immediately takes on a de-personalized character, which is desirable in delicate situations. The statement that you begin credit arrangements with any newly organized business on a limited basis takes away the personal sting, and prevents the customer from feeling that he is being singled out.

Sentences that Merge Him in a Group

These Are Addressed to the Topheavy Account.

Any merchant is likely to find himself in an overstocked condition like this at some time. While you are bringing the situation under control, we suggest . . .

Naturally any business man may occasionally find himself forced to be slow in payments in spite of the best of intentions.

We do not mention this in any spirit of criticism. A situation like this may arise in any business. While you are bringing it under control . . .

These Are Addressed to the New Enterprise.

It is our policy to begin with a conservative line of credit for any new enterprise.

We usually begin on this basis with any newly established business.

We are always glad to cooperate with new businesses, although it is of course necessary to begin with a modest line of credit.

Whenever we open an account for any newly established business we naturally feel that we want to arrange credit facilities on a controlled basis.

Many of the larger accounts on our books today are those which began with us as new enterprises on an arrangement such as this.

In line with our policy for working with new enterprises,

Appeal to Self-Interest

By Showing that the Proposal Is for His Benefit.

It is the credit man's responsibility to curb overextension, prevent the abuse of credit, and keep it well under control, not only for the best interests of the house, but also in fairness to the debtor himself. You cannot talk to your customer about the responsibilities of credit administration without sounding pompous, but you can point out to him that the restrictions which you set are to his best interests. Let these remarks reflect a genuine interest in his welfare.

By Showing that the Arrangement Is Open to Future Change in His Favor.

Uppermost in the customer's mind is the inconvenience and disadvantage to him when his credit facilities are restricted. He feels that he is being deprived of something he should have. To minimize this feeling, stress the temporary nature of the arrangement, and show that you wish to expand his credit as early as possible.

By Showing that Relations with Your House Will Benefit Him.

Never lose the opportunity to show a cooperative attitude. It inspires confidence, and resells the house.

Appeals to Self-Interest

These Show that the Arrangement Is for His Benefit. to make available to you such credit facilities as will contribute in a sound manner to the growth of your business.

An arrangement such as that outlined will help us to work together on a sound basis that will serve your best interests as well as ours.

It wouldn't be fair to you, if we approved orders on such an extensive basis when you are already overextended.

With many new businesses with whom we have worked at first on slightly restricted lines of credit, the additional care and skill which the customer has necessarily exercised in planning his purchases and expenditures has *reflected to his benefit*. We do not want to handicap you. We simply want to work with you on a fair and sound basis.

These Show that the Arrangement Is Subject to Early Revision.

The arrangement can be made more flexible as time goes on.

*

This arrangement is of course only temporary. We expect to make increasing amounts of credit available to you as rapidly as . . .

*

Naturally this is only a tentative arrangement to enable us to get started. No doubt your line of credit can be expanded a little later, after . . .

*

These Show that Relations with Your House Will Benefit Him.

*

As a step toward promoting a relationship between us that we will do our best to *make profitable for you*. We understand your problems and *want to work with you* on a fair and sound basis.

*

This arrangement will help us to get started, so that you can become acquainted with *our service and the cooperation which we give to our customers*.

*

We will work hand in hand with you.

Analysis of Practical Paragraphs Shown Below

Par. 1 Appeals to self-interest; shows confidence in his ability.

Par. 2 Appeals to self-interest; shows confidence in his ability; appeals again to self-interest.

Par. 3 Merges him in a group; appeals to self-interest.



OUT across the air waves goes the urgent call for help . . . help that cannot ward off the torpedo . . . but may save many lives.

With even less warning, your profits, your working capital, your credit can be destroyed by a serious credit loss.

Your credit department can investigate customers, check and recheck credit information, weigh the evidence and judge accordingly. But it cannot, in fairness, be held responsible for sudden reverses that undermine a customer after he has received your merchandise . . . but before he has paid your bill.

An AMERICAN CREDIT policy is the strategic defense employed by thousands of manufacturers and wholesalers to protect working capital and profits against unforeseen credit losses. AMERICAN CREDIT guarantees payment of accounts receivable . . . guarantees reimbursement for losses caused by the insolvency of customers.

Write Dept. C-11 for your FREE copy of our new brochure "The ABC of Credit Insurance."



J. F. McFadden, PRESIDENT
FIRST NATIONAL BANK BLDG., Baltimore

"Guarantees Payment of *Your* Accounts Receivable"

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

Par. 4 Merges him in a group; appeals to self-interest; shows confidence in his ability.

Par. 5 Merges him in a group; attributes his situation to outward circumstances; shows confidence in his ability; appeals to self-interest.

Par. 6 Attributes his situation to outward circumstances; shows confidence in his ability; appeals to self-interest.

Par. 7 Attributes his situation to outward circumstances; shows confidence in his ability.

Par. 8 Appeals to self-interest; shows confidence in his ability.

Par. 9 Challenges his spirit of fair-play. Appeals to self-interest.

Practical Paragraphs

1. Naturally this arrangement is *only temporary*. As *your situation improves*, your line of credit can gradually be *expanded*.
2. The arrangement suggested is *only tentative*. It can be *expanded as your situation improves*. In the meantime it is a step toward establishing relations between us which we feel will be both pleasant and *profitable for you*.
3. In working with *any new enterprise*, we always begin with a modest line of credit, increasing it *gradually* in keeping with the growth of the business.
4. We usually begin with a conservative line of credit for *any new enterprise*. We will *work hand in hand with you*, gradually *expanding your line of credit* in keeping with the growth of your business, and the *progress which we are confident you will make*.
5. Naturally *any business* may get into a cramped position, due to *unforeseen circumstances*. For the first six months, *while you are bringing the situation under control*, we are arranging a \$150 line of credit for you. At the end of that time, we shall be glad to consider *more elastic arrangements* if you will submit operating figures *reflecting your progress*.
6. We realize that an *unexpected slump in business* can quickly produce a topheavy inventory. During the next few months *while you are correcting this situation*, and bringing your affairs more into line, we will work with you on a \$200 line of credit, *subject to increase* in keeping with the *progress which we are confident you will make*.
7. *Some circumstance* with which we are not familiar has caused a topheavy relation between your indebtedness and your current assets. We are *confident that you are working to correct this situation*.
8. We *wouldn't be fair to you* if we placed an unlimited line of credit at your disposal while your situation is over-extended. We will, however, make such arrangements as *will assist you* to liquidate your old stock and bring your affairs into better shape. We know this is *what you are working toward*.
9. Such an arrangement (half cash) would serve as a *gesture on the part of both of us* toward establishing more permanent relations, which we

feel will be mutually pleasant and *profitable*.

Analysis of Letter Shown Below

THIS letter was addressed to a young man newly established in business, who was under-capitalized and dependent upon a rapid turnover of merchandise.

Par. 1 Welcomes the order, and resells the goods.

Par. 2 Makes a straightforward proposal.

Par. 3 Merges the customer in a group with other newly established enterprises; removes the personal sting on the grounds of general policy; shows confidence in his ability to make good; infers that he is co-operative.

Par. 4 Details.

Par. 5 Appeals to self-interest to secure an early reply, by showing concern about prompt delivery.

Letter to a New Business

Dear Mr. Blank:

That was a very fine order which you placed with Mr. I am glad to know that you are getting off to such a good start, and that through your acquaintance with our merchandise in your father's store, we have earned a substantial share of your business.

Would it be possible for us to enter into an arrangement for shipping this order in two lots, so that we can satisfactorily meet the credit situation? You see, Mr. Blank, whenever we open an account for any newly established business, we begin with a reasonably modest figure, and increase it as conditions warrant. Under this policy, we have placed a \$500 line of credit at your disposal. I have no doubt that your operations for the first year's business will be such that we can increase this amount substantially. In the meantime, we should like to count upon your cooperation on such arrangements as are necessary under the existing line of credit. We suggest that you let us ship half the merchandise Aug. 15, and the balance Aug. 30. In that way you can put the first lot into your stock, dispose of some of it, and make arrangements for payment by the time the second lot is ready to be shipped. Since each lot would amount to approximately \$500 that would take care of matters nicely.

Will you please tell us promptly whether this arrangement is satisfactory, so that the orders may go to our production department as quickly as possible?

Yours very truly,

Analysis of Letter Shown Below

THIS letter was addressed to a moderately large company whose credit had been previously rejected, and who requested a change from cash terms after making certain improvements in their financial situation.

Par. 1 Acknowledges cooperation.

Par. 2 Analyzes the situation frankly. Note that favorable comment comes first. The unfavorable comment which follows is subordinated in structure and thought to the main clause of the sentence, which again makes a favorable statement.

Par. 3 Makes a straightforward proposal; appeals to the customer's self-interest by acknowledging his right to know.

Par. 4 Builds up pride with a courteous compli-

ment. The good wishes appeal to goodwill.

Letter Covering a Special Situation

Dear Mr. Blank:

Thank you for your kindness in going into detail with Mr. about your financial situation, and for the additional data which you gave me in your letter.

Your current position is now considerably improved. While, from a long range viewpoint, general creditors still do not have a sufficient margin of protection, the fact that your bank loan is deferred until Jan. 1, 1941, satisfies us about the immediate future. We therefore have this to propose:

We will ship your orders on Net 10 EOM terms up to a total of \$750 and will continue the arrangement through the summer and early fall, contingent, of course, upon your progress as reflected by reports which I am sure you are willing to furnish us from time to time. On Nov. 1, however, before continuing further, and supplying you with your Christmas requirements, I should want to be fully satisfied that the bank note would be renewed on Jan. 1, for as I see it, the whole future at that time would hinge upon the cooperation of your bank.

I have written you frankly about this, because I know you share my feeling that the best working relations are based on a complete understanding, and it is only fair that you should know this far in advance just what we could do this fall.

We are certainly happy that we can work with you on this basis. The way you have controlled your affairs during this entire period of stress inspired our confidence, and has contributed in a large way toward our decision to place a line of credit at your disposal now. We hope your business will go forward from this point in a very positive way.

Sincerely yours,



SWEAT . .



BLOOD . .



TEARS . .

must not be shed in vain

Wasted are sweat, blood and tears without the tangible products of industrial might. From production will come victory today . . . a more abundant life tomorrow. We in America have built the world's greatest industrial capacity . . . and we must guard it well. Insurance, in supplying this protection, is shielding America's most vital asset for peace or war.

Your U. S. F. & G. agent is familiar with wartime insurance problems, business and personal. For your protection, get in touch with him today; you'll find him listed in your 'phone book.

***"Consult your Agent or Broker
as you would your Doctor or Lawyer."***

U.S.F.&G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

with which is affiliated

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

Analysis of Letter Shown Below

- Par. 1 Resells.
 Par. 2 Shows that credit investigations are a general policy, merging the customer in a group with all other accounts.
 Par. 3 A customer usually interprets your action as a compliment to his personal integrity if you accept his credit contrary to the credit agency's recommendation. The comment on his experience and action about past due accounts is likewise a compliment. The straightforward explanation appeals to fairness.
 Par. 4 Appeals to good-will. Lets him know in easy fashion that his order is being held, and appeals to self-interest for a prompt reply.

Letter to an Account Reported Slow

Gentlemen:

We appreciate your order for Durables. This is a stocking which your budget-minded customers will like because it gives long wear, and looks good, too. Following our usual procedure in opening a new account, we consulted our credit agency for information about you, but unfortunately they are not recommending your account, because slowness has been reported from 60 to 90 days by some of your creditors, although other instances indicate prompt payments.

Our own analysis is that your situation is essentially sound, and in view of your long experience, we feel confident that you must be working to bring your payments under better control. The situation in the hosiery market today makes it impractical for the manufacturer to carry accounts beyond maturity date, but if you will include our account with those you are paying promptly, we shall be glad to make credit arrangements for this order, and your future requirements.

We have written to you frankly about this, because we believe that an open and friendly discussion is the best way to make credit arrangements, and we are



An Employers Mutual Safety Poster *



EVERY MOMENT COUNTS!

"Give us time -- time is all we need". The time of industrial manpower is our most valuable asset. Preserve it! Accidents which cause losses of manpower contribute to delays in the delivery of materiel essential to the prosecution of the war. Safe practices save time by preventing lost-time accidents. Employers Mutual safety engineers know the safe, time-saving methods of industrial production. They serve our compensation insurance policyholders profitably. They are ready to assist you likewise. Get our proposal.

*Send for a copy

Employers Mutual

LIABILITY INSURANCE COMPANY OF WISCONSIN
 HOME OFFICE: WAUSAU, WISCONSIN

OFFICES IN THE PRINCIPAL CITIES OF THE UNITED STATES

War Time Credit Complications

Fatalities Among Retailers Bring a Problem

(Continued from page 11)

plication for a loan at the bank. Before the bank would extend the loan, it insisted upon a very thorough audit of the retailer's books. That audit revealed the business, already, was in a bankrupt condition. Today, there are thousands of small business men in much the same situation he was. They never have known their costs as well as they should. Taxes, high wages, priorities and other things have tended to boost costs. It is becoming more and more difficult to make ends meet but these men hope it will be better next month or next

year. Before they fully realize what is happening their liabilities have increased and their assets have decreased to the point where creditors can collect but a small fraction of the amounts due them.

Must Know His Costs

UNLESS the small business man knows his costs accurately, unless his profit and loss statements tell the truth and the whole truth, unless he keeps thoroughly informed in regard to the real condition of his business, the chances of his continuing to be a good credit risk are small. As a matter of fact, the credit grantor is in a position to help small business concerns to a greater degree than he ever has before. If he insists upon accurate cost accounting, upon frequent and detailed profit and loss statements, he is going to help keep many a business concern in business

sure you feel that way too. Will you drop us a line assuring us of your cooperation, so that we can ship your order without delay?

Yours very truly,

which, otherwise, would be forced into bankruptcy. In addition, doing this is likely to help a lot in staying in business himself.

Back in 1930 there were a number of wholesalers in one industry in a given territory. Some of these wholesalers restricted credit, they virtually rationed sales. They insisted upon an improvement in bookkeeping on the part of their customers. These wholesalers are still in business and most of their customers also are still in business. Those who did not take the same degree of interest in their customers either have gone through bankruptcy, reorganized and started over again or did not attempt to get back into business after going through bankruptcy. The difference was largely one of the degree of interest taken in keeping the customers solvent and the courage to go the whole way in this direction.

There are also business men who have been in the same business all their lives. They are getting on in years and are not as alert as they were in their younger days when they founded their firms. With them it is more a matter of pride than of not knowing where they stand. They realize they are too old to start over again. They may have accumulated some money. They hang on just as long as their money and their credit lasts. Because their credit has always been good in the past, they have a way of lasting till there is little left for the creditors.

An example of such a firm as this is the case of a man who had accumulated, during his lifetime, something like a half million dollars. He started the business when he was in his twenties and consistently made profits year after year. After more than fifty years of business success, he found himself facing government regulations and policies which made it difficult, if not impossible, to meet business expenses. However, he was determined to keep that business in existence just as long as he could. He drew upon his savings, he used his credit to the limit. He was certain that in time he could get the firm back on a paying basis.

In the end he put everything he possessed into the business but still failed to save it. After everything was lost, the business had to go. Had this man been younger, he might have weathered the storm. As it was, he died in poverty.

Get Working Capital Quick If You Have Inventory



The pictures show three kinds of inventory extensively Field Warehoused. Flour . . . Wool . . . petroleum products. Field Warehousing by Douglas-Guardian has been applied to over 600 kinds of commodities. If you need capital, and have inventory, here's your best bet.

Speed and MORE SPEED for production far above previous "capacity"—is the nation's need. Heavier financial burdens are imposed on companies with unprecedented orders to fill an unprecedented need for their products. Banks are eager to supply this money if there's a practical basis for a loan.

Field Warehousing by Douglas-Guardian is the answer. It speedily converts inventory into collateral and raises needed money on favorable terms. Douglas-Guardian Service goes everywhere.



Glad to have a representative call—to explain our service—answer your questions.

Free Booklet on Request

A new and even more complete pocket size booklet that explains Field Warehousing and Douglas-Guardian Service.

**BUY
U. S. WAR
BONDS &
SAVINGS
STAMPS
NOW!**

Douglas-Guardian Warehouse Corp

Nation-wide Field Warehousing Service

CHICAGO—Suite 1104—100 W. Monroe St.

NEW ORLEANS—118 No. Front St.

Atlanta, Ga.
Cleveland, O.
Dallas, Tex.

Easton, Md.
Los Angeles, Cal.
Memphis, Tenn.

New York, N. Y.
Philadelphia, Pa.
Portland, Ore.

Rochester, N. Y.
San Francisco, Cal.
Springfield, Mo.

Springfield, Mass.

Tampa, Fla.



A Competent Insurance Agent Knows

When you entrust your insurance to a competent insurance agent, his duty is to see that your business is *adequately* and *completely* insured against all possible hazards. The Northern Assurance Agent is that type of insurance man. He knows the answers to your many insurance problems. He is qualified to survey your plant, analyze your insurance needs and recommend the proper insurance protection.

You are guaranteed further safety because the Northern Assurance Agent will place your insurance with a company which has been doing a world-wide insurance business for the past 106 years.

There is a Northern Assurance Agent in your city. If you do not know his name and address, we will supply it upon request.

**NORTHERN
ASSURANCE CO., LTD.**

135 William St., New York

Chicago

San Francisco



**FIRE
INSURANCE
AND
ALLIED LINES**

TO-DAY, there are thousands of men just like him. War conditions are making it more and more difficult to continue in business. They may have sons in the business with them, but always they have been the policy makers, have guided the business. There is no one else in the firm who can do it as well as they can because nobody else has grown up with it as they have. Such firms present a difficult problem to the credit grantors. Unless credit is extended with the greatest degree of care losses are certain to result. It is not so easy to guide such business men through the troubles ahead as it is those who have not had so long and so successful a career. In some cases the only practical solution, anyhow, is liquidation of the business. To the owners, however, liquidation may seem too much like killing some member of the family.

Only when conditions are as abnormal as they are now, are there enough cases of this kind to give rise to serious worry. From now until the end of the war, however, there is bound to be an increasing number of such cases. The owners of these firms are now too old to start again or to get a job with any other firm. About all that is left to them is their businesses and they will risk anything to hold on. It is not easy for them to meet the new conditions and, in some cases, it may be practically impossible to keep the business solvent regardless of how ingenious the owner may be in meeting new conditions.

A Definite Policy Required

IT would seem desirable for all credit departments to adopt a definite policy in regard to such customers as these. Each customer will require individual treatment but some general plan may be worked out as a basis of procedure.

There are business concerns which appear to be able to meet changing conditions with sufficient success to break even. However, they may continue on the verge of insolvency most of the time. Obviously, the true condition of such firms has to be watched. Conditions beyond their control may make them insolvent at any time.

A firm which has been specializing in home appliances finds it no longer possible to get the appliances it needs to do a volume of business great enough to show a profit. It increases its business of servicing appliances.

Then, its service men are drafted into the army or leave to take better paying jobs in war production. Also, more and more difficulty is experienced in getting parts. Other changes are made. Things needed in the home which the firm never has sold before are taken on. This firm manages to hang on but just barely meets expenses. At any time shortages of what it sells may put it out of business. Obviously, it is none too safe a credit risk. Yet, it may pull through and become prosperous after the war.

The experience the owners of such a business gain in times like these, fits them for greater success when conditions become normal again. Those who continue to extend credit most liberally are likely to get more business from them when they start to make real profits again. Those who curtail credit to the greatest degree will not be able to sell them so much. The problem, obviously, is to extend sufficient credit to retain goodwill but not enough to run risks of undue loss.

There are a few business men who seem to have the knack of meeting any situation and making profits. They go on a cash basis when that is the wise thing to do and go on it in such a manner as to convince their customers the change has been made to benefit them. They make other changes needed to meet new conditions. They seem to be able to anticipate what is going to happen and be prepared to profit by it when it does.

Some of these firms have been in business for generations. Each new manager has been carefully trained for his job. There is a drug store, for example, which is now well over a hundred years old. Nearly all the employees of that store, from the day it was founded to the present, have been those who started working in the store just as soon as they finished school. Some of them worked part time while in school. That employee who showed the most business ability has been groomed for future manager of the business. There never has been two managers of this business who were related by blood or marriage to each other. This store has passed through wars, depressions and booms and remained on an even keel. It never has been in financial difficulties. It has met new conditions as they arose and made the best of them.

NEWS ABOUT CREDIT MATTERS

A section devoted to
Credit Association affairs

November, 1942

Copy deadline
10th of month

Los Angeles Credit Seminar On Nov. 12-13

Los Angeles — Credit Management in the war and post-war economy will be analyzed here on Nov. 12 and 13 at the University of Southern California in the course of the Credit Seminar sponsored by the Los Angeles C.M.A. Leading economists and business men will take part in this program which is being inaugurated by the local Association and promises to be one of the most significant undertakings in the credit field of many years.

Outlining the plans for the two-day Credit Seminar, S. P. Chase, LACMA's Secretary-Manager, recently pointed out that "This is, so far as we know, the first time anything like this has ever been attempted by any local credit association. We are planning to make this an outstanding credit event and some of the best men in the country are going to be present, both on the platform and in the audience. Top executives from many business firms have registered for the Credit Seminar and there will, of course, be a strong representation from the credit fraternity.

The sessions open Thursday with a noon meeting at which the Problem of Credit Management, Now and After the War, will be presented by Dr. Rufus B. von KleinSmid, President of University of Southern California. The luncheon will also feature a talk on "Purposes and Methods of Regulation of Credit," which will be handled by W. M. Hale, President, Federal Reserve Bank of San Francisco.

At 2 p. m. Rolf Nugent, Chief, Consumer Requirements Branch Consumers Division, OPA, of Washington, D. C., will speak on "Economic Consequences from Regulation of Credit." D. A. Weir, Ass't Executive Manager of the N.A.C.M. will follow Mr. Nugent with a report on "The Social and Economic Contributions of Credit Management." He will be followed by Charles H. Watts, President of the Beneficial Management Corp., whose subject will be "The Organization and Operation of Business in the War Economy."

At the Friday afternoon sessions the Messrs. Nugent, Weir and Watts will again speak, expanding further the subjects they presented at the Thursday meeting. The Friday sessions will also open with a luncheon at which Dr. Reid L. McClung, Dean, College of Commerce

National Board of Directors Discusses Important N.A.C.M. Problem at Fall Meeting

Councillors of District 2 Met At Newark, Oct. 15

Councillors of local associations in the Tri-State Conference area covering New York, New Jersey and Eastern Pennsylvania met in Newark on Oct. 15 at the Robert Treat Hotel. A thorough analysis of local association programs and conference district activities took place. With Hampton Auld of Newark, Chairman of the District Council, presiding, the meeting opened with a report on the work of the Central Legislative Committee, which in the absence of C. L. Riegel, New York Ass'n Secretary, was presented by Herbert Milligan of Binghamton.

Uniform Setup of Accounting Procedure for Tri-State Conference was discussed, and recommendations were presented by Wm. H. Whitney, Newark Ass'n Secretary-Manager, based on his experiences with the planning of the Tri-State Conference which opened that evening in Newark under the sponsorship of the Newark Ass'n.

A report was adopted regarding the Proposed Revision of the Constitution and By-Laws of the N.A.C.M. It was presented by the special committee from District 2 which had been appointed at the previous Councillor's meeting to study the sentiment of the district on the matter of Constitutional revision. Serving with Chairman Milligan on this committee were: National Director Joseph A. Rubanaw of New York, Stanley A. Thomas of Philadelphia, and Bess R. Havens, Binghamton, Secretary, who is also Recording Secretary of the District Councillors. Miss Havens was later re-elected to the post of Record Secretary by a unanimous vote and complimented highly for her efficient handling of the office.

The planning meeting of the District Council will be held on April 26, 1943, at Binghamton. At that time details will be
(Continued on Page 38)

& Business Administration will be the speaker.

Both Thursday and Friday will be closed with a dinner followed by a panel discussion from 7.45 until 10 p. m., at which Dr. Rex Harlow will be moderator, and in which a dozen local and national authorities will participate.

Appoint Three Special Committees to Consider N.A.C.M. Activities

The Board of Directors of the National Association of Credit Men met at the Edgewater Beach Hotel in Chicago, September 24th, 25th and 26th. The meeting was attended by all of the Officers and Directors, with the exception of two Directors who were unable to be present. In addition to the Officers and Directors, eight Past Presidents were in attendance, as were the three Secretary-Managers who are delegated by their respective divisions to meet with the National Board.

The meeting was an intensive, hard working one with sessions all day Thursday and Friday, with a night session Friday night. The Saturday session ended Saturday afternoon. All matters having to do with the National Association were fully discussed. Reports were given on various departmental activities and each report was discussed fully.

The first half day was devoted to a full discussion of the financial report which was presented this year in a new and more detailed form. Both the form and the substance of the report were approved by the National Board. The announcement was again made to Board members that the practice, which has been in effect for several years, in regard to receipt of this report by local Associations will be continued. Upon request of any local President or Secretary-Manager the report, as given to the Board, will be furnished to the local Association. After such a request has once been made that organization will be placed on the mailing list for future financial reports of the National Association.

A number of matters of importance to the Association were studied carefully by the Board but upon which final action was deferred until further study by special committees of the Board. These committees will communicate with local Associations in regard to opinions on the various matters which they are handling and will then make their reports, with recommendations, to the National Board or to the Administrative Committee of the National Board.

The chief matters which were referred to such committees for further examination are as follows:

1. Special consideration of the entire

membership problem. This committee is composed of: President, R. C. Wilson, Chairman; Vice-President, P. W. Miller; Vice-President, R. L. Simpson; Vice-President, E. L. Blaine, Jr.; R. C. Creviston, I. D. Johnson, C. P. King.

2. The Board approved in principle a proposed new plan for operation of the National Adjustment Bureau Department as recommended by the Western Division Managers and as later approved at the meeting of the Central and Eastern Division Managers. The Board appointed a special committee, however, which will communicate with all local Associations having Adjustment or Collection Departments for the purpose of getting their views in regard to the new plan and in regard to the details of operation of such a plan if it should be put into effect. This committee will report back its findings to the National Board or to the Administrative Committee of the Board.

It is composed of the following: C. Rodriguez, Chairman; F. J. Carpenter, H. J. Offer, R. C. Creviston, C. P. King, H. M. Oliver.

3. A special committee was appointed for the express purpose of soliciting from each local Association suggestions or ideas they may have on any phase of National Association work and the relationship of that work to the local organizations. The purpose of this committee's study will be to provide for an even greater cooperative effort among the locals and between the National organization and the locals than has existed so that our organization may render the maximum of service to members.

This committee is composed of: Vice-President, E. L. Blaine, Jr., Chairman; Vice-President, P. W. Miller; Vice-President, R. L. Simpson; R. C. Creviston, I. D. Johnson, C. P. King.

4. The Board also approved the idea that, prior to the National Board Meeting, a committee made up of the Administrative Committee of the National Board, the three Secretary-Managers who are selected by the various divisions to sit with the Board in the current year and the Executive Manager and Assistant Executive Manager of the National Association should meet. The purpose of this is to discuss matters which should properly be brought before the National Board and so far as possible to agree on recommendations which might be made to the Board. It was felt that through such an arrangement the views of local Associations as presented either to the Administrative Committee members, to Secretaries or to the National Office might be considered more fully than would be possible if presented to the National Board without such earlier discussion.

Full discussion was given to the report made by Oscar S. Dietz, Chairman of the National Interchange Board of Governors. This report covered the results of the tests which had been made on Interchange operations during the past few months. The National Board granted the request of the Interchange Board of Governors for a promotional fund to be made available this year for the purpose of increasing Interchange usage and effectiveness. The Board also recommended, however, that as soon

as possible all National departments which are engaged in direct business services to members should be placed on an entirely self-supporting basis. This recommendation applies not only to Interchange but to Washington Service and other such departments of the National Association.

The Board approved the idea that from time to time the Executive Manager's Monthly Business Review should be enlarged. In keeping with this approval there will from time to time be one or two additional pages of the Monthly Business Review devoted to Association services. This will not decrease the space given to the general matters of business usually discussed in the Review.

65 Women Attend Newark Luncheon

Newark—Sixty-five credit women from Eastern Pennsylvania, New Jersey and New York State gathered at a special Credit Women's Group luncheon at the Robert Treat Hotel on Saturday noon, Oct. 17. This gathering was occasioned by the general conference of credit executives in District No. 2, reported elsewhere in this issue.

Mrs. Bobby Hunter, of Detroit, who is Chairman of the National Credit Women's Executive Committee, was an honored guest and made a short address on the objects of the Credit Women's Clubs throughout the country during the present Association year.

Other honored guests who were introduced at the luncheon were Lillian Guth of New York and Harriet I. Russell of Philadelphia, both members of the Credit Women's Executive Committee; Bess Havens, Secretary of the Binghamton Association, and Mrs. Martha Fraser, honorary member of Credit Women's Clubs.

Presidents of the Credit Women's Clubs attending the luncheon were Mary Polizzi, of Rochester; Mrs. Cecelia Butler, of Buffalo; Catherine Cohen, of New York, and Emma Schob, of Philadelphia. Mattie Walker, President of the New Jersey Credit Women's Club, presided at the luncheon and introduced the guests.

Queens Credit Club Revived

New York—After a lapse of nearly ten years, the Queens Credit Club, comprising credit men in the Borough of Queens, has renewed its activities as an affiliate of the New York CMA. Enthusiasm displayed at the initial meeting, held Sept. 28 at the Forest Hills Inn, Queens, indicated that the club again will take its place as an important credit organization in the metropolitan area.

Harry J. Delaney, President, and Clarence L. Riegel, Secretary of the New York CMA, addressed the group. Guest speaker was William B. Groat, Jr., counsel to the New York State Legislative Committee on Industrial and Labor Conditions. Arthur H. Mader, The American Chiclé Co., was acting Chairman.

Eastern Division Assn. Managers Met in New York

New York—Secretary-Managers and Presidents of local credit associations in the Eastern Division of the NACM met at a joint session in the Hotel New Yorker on Oct. 15 for an analysis of association programs and a discussion of the current outlook.

Under the chairmanship of Clarence L. Riegel, Executive Manager of the New York CMA, the meeting considered such matters as securing new members, local association finances, use of National Association services, as well as problems involved in the service department operations of local associations. These covered Adjustment and Collection, Credit Interchange, and credit group work, as well as the legislative program both locally and nationally.

The meeting opened with a keynote message by Assistant Executive Manager David A. Weir. Joseph L. Rubanow, National Director of the NACM and Vice-President of the Manufacturers Trust Co., New York, was in attendance, representing the National Board of Directors.

Among those present were the following representatives of local associations: Ira D. Johnson, Secretary-Treasurer, Credit Assn. of Western N. Y., Buffalo; Irwin H. Raunick, Fairmont Creamery Co., Buffalo, Councillor; J. Stanley Thomas, Secretary, Credit Men's Assn. of Eastern Pa., Philadelphia; J. M. Paul, Secretary, Boston CMA; Dudley Meredith, CIB Manager, Credit Assn. of Western Pa., Pittsburgh; Howard Minchin, ReQua Electric Co., Rochester, Past NACM Director; C. J. Briggs, Service Manager, Rochester ACM; Wm. H. Whitney, Secretary-Manager, New Jersey ACM, Newark; Jos. E. Reese, Secretary, Syracuse ACM; Miss Bess Havens, Secretary, Triple Cities ACM, Binghamton; Henry T. Farrell, Secretary-Manager, Rhode Island ACM, Providence; Raymond Hough, Service Manager, New York CMA; and Gerald Stone, David Rosen and Fred Miebach of the New York CMA staff.

Representing the National headquarters office in connection with the various reports were Assistant Executive Manager David A. Weir; Miss Ruth Hocht, Comptroller; R. G. Tobin, Editor, and Miss F. M. Ferguson of the Publications Dept.; K. A. Patterson, Legislative Director; Paul Haase, Director of Public Relations; and Alfred Kruhm, Adjustment Bureau Director.

War Damage Insurance Talk at Pittsburgh

Pittsburgh—The subject of War Damage Insurance was discussed before the Credo Luncheon Club meeting on Oct. 6 in the Hotel Henry by Robt. F. Miller, Asst. Vice President of the National Union Fire Insurance Co. The Credo function is a regular weekly activity of the Credit Assn. of Western Pa.

Newark and Providence Host to Conferences

Newark—Conference attendance records were broken here at the 28th Annual Tri-State Credit Conference of New York, New Jersey and Eastern Pennsylvania credit executives at the Robert Treat Hotel on Oct. 15-16-17. Over 500 men and women delegates from the second district of the NACM were in attendance. The sessions, opened with a "get acquainted" party on Thursday night—an event which also celebrated the 35th anniversary of the New Jersey ACM which was host to the conference, under the guidance of Association President Karl R. Tallau and Secretary-Manager Wm. H. Whitney. Hampton M. Auld, Jr., was General Chairman of the Tri-State parley.

At the opening business session on Oct. 16, Geo. C. Lennox, Councillor of the Rochester Association, presided after the call to order by Chairman Auld. "Wartime Trends in Business Births and Deaths" was the first subject considered by the delegates in connection with the talk by Walter Mitchell, Jr., of Dun and Bradstreet. He was followed by Chas. H. Watts, President of the Beneficial Industrial Loan Corp., who spoke on "Consumer Credit in War." The morning session closed with a thorough-going presentation of "Post-War Planning" by Robt. R. Wason, President of Manning, Maxwell & Moore, Inc.

Following the President's luncheon at noon, which was presided over by Past NACM Director Earl R. Mellen of Weston Electrical Instrument Corp., the afternoon session, under the Chairmanship of Association Councillor Chas. J. Pierson of Binghamton, heard E. Wm. Lane, Treasurer of American Screw Co., evaluate the work of the NACM "Yesterday, Today and Tomorrow." Between his talk and the closing address on "Wartime Economic Trends in Bank Credit," which was presented by Dr. Eugene E. Agger of Rutgers Univ., there was a panel discussion on "The Effect of the War on Credit Management in which the following, under the leadership of David E. Golieb, Treasurer of International Handkerchief Co., took part: Laurence E. Falls, Vice-President of American Insurance Co.; Wm. G. Betsch, Assistant Vice-President of Wm. Iselin & Co.; Dr. James F. Hughes, Certified Public Accountant; and Kenneth A. Patterson of the NACM.

During the afternoon the lady guests participated in a program which included a visit to Bamberger's Department Store. That evening the annual conference banquet was held with Councillor Auld presiding and with Henry H. Heimann, NACM Executive Manager, as the featured speaker.

The closing day of the conference opened with a panel discussion on "Business Trends as Seen Behind a Government Desk" which featured Dr. Louis P. Starkweather, an official of the New Jersey OPA; Carl H. Henrikson, Regional Business Consultant of the U. S. Dept. of Commerce; Kenneth H. Campbell, Board

of Economic Warfare; and S. Abbott Smith, Director of the Smaller War Plans Corp. in Washington, D. C.

Alexander Wall, Secretary-Treasurer of the Robert Morris Associates, followed the panel discussion with a talk on the subject "Theory of Engineering Tolerances Applied to the Credit Structure During Wartime," and the formal speaking program closed with an address by Dr. Paul F. Cadman, Economist of the American Bankers Assn., whose subject was "The Price of Control." Dr. Cadman's manuscript will be presented in a forthcoming issue of CREDIT AND FINANCIAL MANAGEMENT.

The conference closed with social features which included the annual Credit Women's Luncheon and a buffet luncheon for delegates and their wives.

The Resolutions and Statement of Policy adopted by the conference, as presented by the committee headed by H. Parker Reader of Cannon Mills, New York, who is "Dean" of the district councillors, follows:

We, the 500 credit executives in attendance at the twenty-eighth Annual Tri-State Credit Conference of District Two of the National Association of Credit Men held in the Hotel Robert Treat, Newark, N. J., on Oct. 15, 16, and 17, 1942, hereby declare unanimously adopted the following statement of policy concerning business trends in the new economy.

Conscious of the unprecedented challenge to the democratic ideals and institutions we cherish, we reaffirm our faith in the validity and soundness of our way of life. We recognize the importance of full co-operation in the war effort and we pledge every resource of mind and body toward the achievement of the early victory we confidently expect. To this end we endorse all sound measures of financing the war effort and call upon our fellow citizens for full cooperation in the war bond sales program and the other aspects of war-time finance.

As credit executives, we are deeply conscious of the impact of the many tax burdens, both against individuals and business units. Sound credit management is predicated upon the availability of facts that truly reflect the assets and the liabilities, actual or potential, of a business enterprise. Because of rapidly growing tax liabilities and because the government claim for taxes is preferred above all other claims, we are acutely aware of the vital need of avoiding an accrual of tax liability through revision of the present method of income tax collection. Therefore, we earnestly recommend the adoption of the tax principle popularly known as the "pay-as-you-earn" plan, as a means of effectuating the sound establishment during this period of war finance of a withholding tax plan.

We recommend further, the broadening of the income tax along sound lines on the principle of ability to pay, in order that such broadening of the tax base may create an ever-increasing tax consciousness on the part of the general public and the attainment of a greater tax yield.

Because of the many uncertainties facing credit management today, we sincerely urge the earliest feasible adoption of sound programs designed to remove such uncertainties. In this connection, we note with

Providence—New England Credit Executives gathered here at the Providence Biltmore Hotel on Oct. 29 for the Annual New England Credit Conference which this year was sponsored by the Rhode Island Assn. of Credit Men.

Analysis of "Business and Credit Trends in a War Economy" featured the program and a fine list of outstanding speakers presented the various subjects. The Conference opened with a "Night Before Party" featuring a program of entertainment and refreshments.

The Thursday morning session opened with a keynote address by Past NACM President Ernest I. Kilcup whose subject was "The Shadow of Things to Come." This was followed by a panel discussion on "Current and Future Problems of Small Business," which was presented by Edward J. Stewart, a Director of the Smaller Business Assn. of New England, Roger Johnson, Regional Business Consultant of U. S. Department of Commerce, and Dean Wm. G. Sutcliffe of Boston University.

The afternoon session featured four speakers, the first of which was Dr. Carl D. Smith, President of Babson Institute on whose campus the Annual NACM's Summer Institute of Credit Management was held. Dr. Smith's subject was "Building the Credit Man's Future." His talk was followed by an analysis of "Wartime Trends in Business Births and

(Continued on Page 38)

approval the recent Congressional amendments to the War Contract Re-negotiation Law. We commend the War, Navy and Treasury Departments for their recognition of some of the inequities that have arisen from the operation of the original law. We urge, however, upon Congress and all governmental agencies and commissions continued analyses of the mechanisms and results of contract re-negotiations.

To the end that sound principles of credit analysis can be reinforced, we pledge our unbiased cooperation in the further consideration of the re-negotiation clause, so that the present irregularities and confusion may be eliminated, and that the hazards to credit caused by unreasonable delays in re-negotiation may be curtailed.

Small business is the cornerstone of our economic democracy and consequently must be preserved. Its value to the national economy in the post-war period and the contributions it can make to the war effort, if given sound and adequate consideration of its needs, make such presentation essential. Cognizant of this truth, we urge full and immediate consideration of the problems of small business by the existing agencies of government which can be made adequate for the important task at hand. In calling for this action, we as credit executives do not hold ourselves aloof; we are aware of our individual responsibilities to the small businesses of our nation, and we stand ready to act, both in our individual ways and in wholehearted cooperation with the established agencies of government to preserve the system of free enterprise that has built and is now defending our Republic.

National Institute of Credit Activities

Albany—Under the chairmanship of George C. Kugler, the Education Committee of the Eastern N. Y. ACM is offering the fundamental course in Credits and Collections this year. It is expected that a number of the students, with satisfactory completion of this course, will then be eligible to receive the Associate award of the National Institute of Credit, and be eligible to acquire the academic key signifying the completion of the work for that award. Professor Terwilliger of N. Y. State College for Teachers is teaching the course which started on Oct. 13 and continues through Dec. 15, resuming after the holidays on Jan. 5, and closing with the examination on Feb. 2.

Cooperation with the Retail Credit Assn. in Albany and Troy was developed by the Committee, which also announced that pro-rata refunding of tuition would be made to any class member entering military service.

Newark—The N. J. NIC Chapter has announced a series of special lectures on taxation to be presented by David Zuckerman, Newark C.P.A. The registration is limited to Chapter members and the subscription for the four dinner lectures, which includes the cost of dinner, is \$7.00. They will start at 6 p.m. and adjourn at 8:30.

The first, on Nov. 19, will be on "Taxation as it Affects the Individual and the Corporation," and this subject will be continued at the second lecture on Jan. 21. On March 18, "The Effect of Taxation Upon the Balance Sheet" will be analyzed and at the closing lecture on April 20, consideration will be given to "Tax Liens and Their Effect Upon Creditors."

The local Chapter, which is headed by F. J. Noble of American Oil & Supply Co., is offering a full schedule of courses for the awards of Associate and Fellow of the National Institute of Credit in cooperation with the University of Newark, and Rutgers University. Other officers of the N. J. Chapter for the current year are: Vice President, Leslie Brand, Bayonne Steel Products Co.; Librarian, Charles Meyers, Schering Corp.; Treasurer, Ed. Gillies, Sharkey & McCarthy; Secretary, William H. Whitney, N. J. Assn. of Credit Men.

Kansas City—Two educational courses are being offered this year under the sponsorship of the local Ass'n and the local NIC Chapter, of which the President is H. M. Spack of Gernes Garment Co., Inc. The courses are Business Law and Merchandise and Marketing.

Oakland—Public Speaking and Preparatory Accounting are the two courses being offered this year by the Oakland NIC Chapter in cooperation with the University of California.

Oklahoma City—Under the Chairmanship of John Carney of Oklahoma Sash

and Door Co., the local NIC Chapter is conducting a class in Economics this year.

Omaha—Omaha credit executives are cooperating with the Omaha NIC Chapter in connection with the class in Credits and Collections being offered locally in cooperation with Omaha University. E. J. Novak of Gland-O-Lac Co., is Chairman of the local Educational Committee.

Portland—Six courses are on the schedule of the Portland NIC Chapter. Offered in cooperation with the University of Oregon, they are: Economics, Accounting, Business English, Business Law, Public Speaking, and Merchandising. The Chairman of the local Educational Committee is Paul H. Lohr of Swift and Co., who is also serving as Chapter President. A. C. Hopkins, Portland ACM Secretary, is Chairman of the local Publicity Committee.

St. Paul—The local Chapter is now affiliated with the Extension Division of the University of Minn., and through this arrangement, is offering seven of the required NIC courses. E. E. Schoen of Rex Oil Co., is Chairman of the Educational Committee this year.

Richmond—Although the local NIC Chapter is only 18 months old, its enrollment is now close to 40, and eight courses are being offered individually and in cooperation with the Virginia Mechanics Institute. W. Bernard Whaley of Graybar Electric Co., is President of the Chapter and Chairman of the Richmond Educational Committee. R. C. Lackey is Publicity Chairman.

Baltimore—In cooperation with Johns Hopkins University, the Baltimore NIC Chapter began its class in Mercantile Credits and Collections early in October. The Baltimore Assn's Educational Chairman is George J. Clautice of Lincoln Nat'l Life Ins. Co.

Birmingham—The Birmingham NIC Chapter affiliated with the Alabama Ass'n of Credit Men is scheduling classes in Personal Management and Problems of Credit Management this semester. The Educational Chairman for the Ass'n is Amos Thörnberg of Goodall Brown Dry Goods Co., and the Chapter President is V. P. Underwood, Vice President, Birmingham Gas Co.

Indianapolis—Butler College is cooperating with the Indianapolis NIC Chapter in offering the course in Credits and Collections which began early in September. G. C. Klippel, Van Camp Hardware & Iron Co., is Chairman of the local Educational Committee this year.

New York—One of the prime objectives of the War Production Board is to assist smaller manufacturers and merchants to withstand the shock of the new war

economy, H. M. Brundage, deputy regional director of WPB's priorities and materials, declared at a meeting of the local chapter of the National Institute of Credit at the Hotel Pennsylvania on Oct. 8.

Pointing out that the effect of the drain on inventories of critical materials, caused by diversion from civilian to war use, will become more apparent every day, Mr. Brundage said that the WPB "considers it our responsibility to give small industry the benefit of the most advanced thinking possible and to offer every assistance within our power."

Philip Turnbull, special assistant to the WPB regional director, declared that "anxious as the War Production Board is to keep small business going, it cannot deprive war production of any materials for this purpose, but it can aid the small concern, in fact any concern, to adjust itself to the new order of things and become a producer of war materials." However, he added, the thing that will help most is American ingenuity and aggressiveness.

St. Louis—Three courses are being offered by the St. Louis NIC Chapter through arrangement with the Distributive Education Department of the St. Louis Public Schools. They are: Credit and Collection Fundamentals, taught by Albert J. Wagner of Mallinckrodt Chemical Works; Advanced Problems in Credit, also taught by Mr. Wagner, and Business Correspondence for which the instructor is provided by the Hower Letter Improvement Service.

Rochester—A series of forum meetings starting in November is being planned by the local NIC Chapter. Officers for the current year are: Herbert D. Tuttle, Kurlash Co., Inc., President; Katherine F. Kennedy, E. W. Edwards & Son, 1st Vice President; Seymour R. Jones, Eastman Kodak Co., 2nd Vice President; Fannie F. Cadzow, Levis Music Stores, Secretary; Alvin A. Miller, Rochester Mfg. Co., Treasurer; Jay D. Waring, Harold H. Clapp, Inc., Assistant Treasurer.

Cincinnati—Because of selective service calls, it has been necessary for the Cincinnati NIC Chapter to appoint successors for the posts of President and Vice President. Harry Krebs, Graybar Electric Co., has been chosen to lead the Chapter for the remainder of the current educational year, and Lorena Purvis is the new Vice President. Buelah Frees is Editor of the Chapter bulletin and Publicity Chairman, with Marjorie Larkin and Georgia Hummel as entertainment Co-Chairmen. The group enjoyed a Bowling Party on Oct. 17 which had been preceded on Oct. 6 by a dinner meeting on the University of Cincinnati campus.

Syracuse—A. E. Tucker, Chairman of the Education Committee of the Syracuse

ACM announced in September that "Modernized Credit" was the subject to be offered this year by the Syracuse NIC Chapter. Based on the lecture and careful preparation analysis method, the course is in charge of Myal Roberts, Assistant Treasurer and General Credit Manager of Pierce Butler Radiator Corp.

Atlanta—Four courses are on the program of the Atlanta NIC Chapter which is sponsored by the Georgia Ass'n of Credit Men. Considerable interest in credit education is evidenced among credit women with 16 registrations from the members of the Credo Club for the four courses. Gordon A. Heath of the Campbell Coal Company, is Chairman of the Atlanta Educational Committee.

Cleveland—The Cleveland NIC Chapter, under the Presidency of Henry M. Barr, held its first meeting on Oct. 12 with a lecture by L. R. Johnson of the Allied Oil Co., on "Graphs in the Credit Department."

On Nov. 2, D. H. Hotchkiss of the Petrequin Paper Co., discussed "Analysis of Financial Statements from the Credit Men's Viewpoint." Other meetings scheduled include the following: Dec. 7, W. E. Atkinson of the Cleveland Trust Co., "The Banks Relations to the Mercantile Credit Department"; Jan. 4, H. E. Kay, The Rock Island Lumber Co., "Mechanics Liens—Protection or a Delusion"; Feb. 1, A. M. Marks, Wells & Marks, "New Regulations and Their Effect on Creditors"; March 1, G. M. DeMarinis, The Fidelity & Casualty Co., "Bonds and Their Relations to the War"; April 5, R. B. Remagen, The B. R. Baker Co., "Effective New Methods of Collection Approach."

Buffalo—"Economics, The Science of Business" is the subject included in the credit education program of the Credit Men's Ass'n of Western N. Y., of which Bruce G. McFadden of Pratt & Lambert is Education Committee Chairman. The instructor of the course is Dr. Louis A. Pingitore, of Conisius College. The course, scheduled to run for 15 weeks, began on Sept. 28, and meets each Monday evening.

Minneapolis—The Toastmasters Club, composed of Minneapolis Institute Fellows, is now active for the second year. Limited to 30 members, the group is currently under the chairmanship of Walter Hall, Red Owl Stores, and Miss Blanche Scanlon, Nash Coffee Co., who is serving as secretary.

The local Institute Chapter members are studying courses in Credits and Collections and Business English. During the second semester it is planned to offer Problems in Credit Management and Business Law. John F. McGrath, Loose Wiles Biscuit Co., is again instructor for the course. Other required NIC courses are available through cooperation with the School of Business Administration of the University of Minnesota.

Chicago—Election of officers for the Chicago NIC Chapter took place at the

Sept. 22nd meeting with W. Don Eck of Federal Reserve Bank of Chicago, who has been President of the Chicago Chapter for the past two years, presiding. Under the newly-revised Constitution and By-Laws, the following officers are serving for the 1942-43 term: Chairman, J. T. McKenna, Chicago Molded Products Corp.; Vice Chairman, George E. Hedman, Kester Solder Co.; Secretary-Librarian, Gloria Gecan, Norton Door Closer Co.; Board of Governors, W. D. Eck, Federal Reserve Bank of Chicago; D. G. Gorski, Wawak Co., Inc.; H. T. Johnson, Lever Bros. Co.; E. G. Kasch, Kraft Cheese Co.; Vivian Kulling, Joslyn Mfg. and Supply Co.; Margaret Schrepferman, W. D. Foreman; A. V. Whitehall, The Chicago Daily News, Inc.

Los Angeles—The local NIC Chapter got off to a fine start during the week of Sept. 21, with well-attended classes at USC. On Oct. 1 a successful dinner meeting was held on the USC campus, which heard Dr. Elmer Nelson of the OPA discuss "Inflation and Government Control." The next dinner meeting is scheduled for Dec. 3, at which the program will feature a mock creditor's meeting, in which all present will be invited to participate with questions. Six courses are being offered this year by the local Chapter, in cooperation with USC, under the leadership of Arthur Bode, Chapter President, and E. R. Hampton, Educational Chairman.

Credit Women Clubs Active

Syracuse—The opening meeting of the Syracuse Credit Women's Group featured a "White Elephant Sale" at the first fall meeting in September. A short business session was followed by a presentation of the film "Your Dollars in Uniform."

Milwaukee—Loring Hammond, President of the Milwaukee Sales Managers Club, was the featured speaker at the Oct. 20 meeting of the Milwaukee Credit Women's Club. Loretta M. Fischer of George Ziegler Co. is President of the group this year.

Cleveland—A round table discussion of present day problems concerning the credit department was the feature at the Oct. 13 meeting of the Cleveland Credit Women's Club. Seventeen members of the local group were in attendance at the fall conference of credit women in Detroit on Oct. 3 and 4.

Binghamton—The Triple Cities Credit Women's Club met at the Hotel Frederick on Oct. 15 for a dinner meeting which was followed by a round table discussion of current credit problems. The local club is actively supporting the credit education program in this area and, for relaxation, is taking part in the local bowling league.

Philadelphia—The Oct. 22 dinner meeting of the Phila. Credit Women's Club at the New Century Club heard H. E. Rhell, Asst. Treasurer of John T. Lewis & Bros. Co. and President of the Credit Men's

Assn. of Eastern Pa., speak on "The Part Credit Women Play in Solving Our Present Credit Problems."

Los Angeles—The members of the local Credit Women's Club staged their annual social event on Oct. 19 in the nature of a "Kid's Party." The local group is headed this year by Hazel Hinman, President; Florence F. Fall, Vice President; Ethel L. Duggan, Treasurer; and Elva Mae Vogel, Secretary.

Amarillo—Alice R. Smith of El Paso was honor guest at the Sept. 20 meeting of the local Credit Women's Club. A 100 per cent turn-out enjoyed the thoughtful as well as humorous portions of her talk. At the close of the breakfast at the Amarillo Hotel Mrs. Smith and Mrs. Mildred Vance of El Paso, who accompanied her for the meeting, sang a fiesta song from the recent Spanish Fiesta in Santa Fe, N. M. During their stay Mrs. Smith and Mrs. Vance were guests of Juanita Frieze, President, and Josephine Boyd, Secretary of the Club.

Detroit Host to C-Women's Parley

Detroit—One hundred and fifty-three women credit executives attended the Regional Conference of Credit Womens' Clubs in this city on Oct. 3-4 at the Whittier Hotel. Clubs represented included Toledo, Cincinnati, Louisville, Cleveland, Grand Rapids, Jackson, Chicago, Milwaukee and Pittsburgh.

The gathering was greeted by Detroit Ass'n President H. J. Lowry, and Secretary-Manager, L. E. Phelan, as well as National Director Harry Offer. A musical program furnished the background for the dinner at which Mrs. L. W. Stevens of New York spoke on International Affairs with the theme that "America Can Shape the World's Destiny."

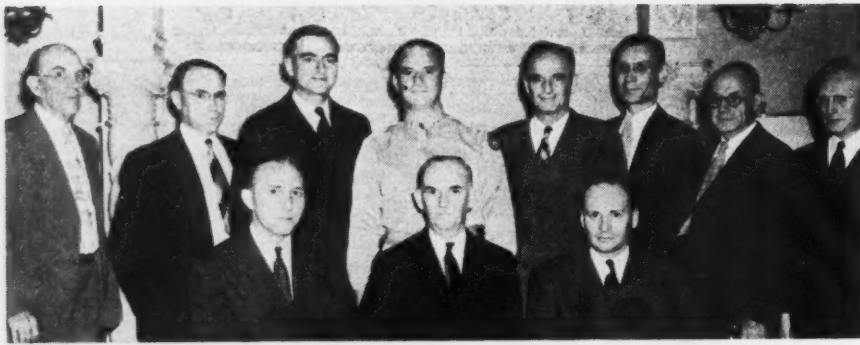
At the close of her remarks, Mrs. Stevens emphasized that "We are fighting for the right to make good on our last chance of saving the democratic civilization of progress from the tyrants who would ruthlessly annihilate it, and after Victory implementing it to the 20th century necessity of reciprocity."

The following morning the group breakfasted at the Detroit A. C. and heard reports from the various club Presidents. Mrs. Margaret Tiernan, Detroit President, presided during the business sessions on Sunday morning which received a telegram of greetings from NACM's President Bruce R. Tritton of Cleveland. An inspiring talk on the responsibility of Credit Womens' Clubs to the National Ass'n was presented by Mrs. Bobbie T. Hunter, the National Credit Womens' Executive Chairman. Following adjournment of the morning session, a special meeting of all Presidents was held.



Mrs. Hunter

Interchange Board Meets in St. Louis



Seated, left to right: Oscar S. Dietz, General Electric Supply Corp., St. Louis; National Executive Henry H. Heimann; Ralph Johns, Indianapolis Ass'n of Credit Men, Indianapolis. Standing, left to right: H. M. Oliver, Credit Ass'n of Western Pa., Pittsburgh; S. R. Trythall, Hallack & Howard Lbr. Co., Denver; G. P. Horn, Omaha Ass'n of Credit Men, Omaha; Capt. S. J. Schneider, U. S. Army Air Corps; R. A. Colliton, St. Louis; G. C. Kilpel, Van Camp Hardware & Iron Co., Indianapolis; C. P. King, Seattle Ass'n of Credit Men, Seattle; M. V. Johnston, Gulf Oil Corp., Pittsburgh.

Atlanta Mourns Choate

Atlanta — Herbert Emory Choate of this city, a national figure in credit circles, died here on Oct. 13 at the age of 70. He had served the NACM in many offices and was President of the Atlanta ACM three times, as well as being the only life member of its Executive Committee. He is survived by Mrs. Choate, a daughter and three sisters. Active in many fields in this area, Mr. Choate conducted the Choate Investment Co. He was twice Chairman of the Board of the Atlanta Freight Bureau, a former President of the Atlanta Chamber of Commerce, and for many years a Director of the First National Bank of Atlanta.

O. A. Montgomery Dies

Detroit — Local credit executives mourned the death, on Oct. 14, of O. A. Montgomery, who served the Detroit ACM as Secretary-Manager for 16 years until he resigned in 1937. He had previously, in 1917, been President of the local association. Mr. Montgomery had been ill since December. He is survived by Mrs. Montgomery and three married children. Mr. Montgomery was active in the Masonic as well as many other business organizations in this community prior to moving to Lansing three years ago.

James D. Meikle Dies

Spokane — Credit executives in the Spokane territory mourned the passing, on Sept. 23, of James D. Meikle, who for nearly 35 years was connected with the Spokane Merchants' Assn. and up to the time of his death was the oldest living Secretary-Manager in the NACM system. He had retired in April 1939 because of ill health. Mr. Meikle joined the local association as bookkeeper after having, for a number of years, served the Hammond Packing Co. of this city as Credit Manager. He is survived by his wife, two sons, one daughter a sister, and three grandchildren.

Zebraffairs

San Francisco—The annual meeting of the local Herd, ROZ, was held Sept. 25. Officers elected for the 1942-43 term were: Exalted Superzeb, Ralph Rowe, Golden State Co.; Most Noble Zeb, Sarge Kelly, The Best Foods, Inc.; Royal Striper, Jimmy Old, Remington Rand, Inc.; Three Horse Power Burro, Joseph Murray, A. Lietz Co.; Keeper of the Zoo, Henry Byers, Westinghouse Electric & Mfg. Co.; and Zebratary, Otis Walker, Credit Mgrs. Assn. of No. & Central Calif.

Detroit—Herd No. 12, ROZ, held its October meeting at the Hotel Statler here on the 23rd, which was in the nature of an informal discussion of plans for the fall and winter season. The local group is headed this year by Jack Collins, Exalted Superzeb.

Pittsburgh—At the annual Round-Up on Sept. 28, a testimonial dinner honored Grand Exalted Superzeb R. H. "Dick" Fried, and a beautifully signed resolution was presented to him by the local Assn. Pres., Ross R. McCoy, for his achievements as a Zebra. Exalted Superzeb Murray V. Johnston congratulated members for their efforts in the Association Membership Drive, having earned 43 credits during the last fiscal year.

After the annual reports of other Herd officers, Past Exalted Superzeb Jos. A. Solinsky presented the "F. W. Reisacher Golf Trophy" to Zebra Jos. L. Meyer. Past Grand Exalted Superzeb Floyd A. Ferguson informed the Herd that he had accepted the Chairmanship of the Association Membership Committee and said he expected assistance from every Zebra.

Newly-elected officers were installed by the Grand Exalted Superzeb as follows: Exalted Superzeb, Roy C. Willey, Norton Co.; Most Noble Zeb, Walter Churchill, Williams & Co.; Royal Striper, Thos. D. Sheriff, Hamburg Bros.; Three Horse Power Burro, Ivan L. Hillman, Dravo Corp.; Keeper of the Zoo, Harry O. Rahlle, Armour & Co.; and Zebratary, Frank J. Hohman, Credit Assn. of W. Pa.

Councillors of District No. 2 Met at Newark, Oct. 15

(Continued from Page 33)

developed for the 1943 Tri-State Conference for which the Syracuse Ass'n will be host. Tentatively set for the month of October, the exact date will be determined later. The sentiments of the Councillors was to the effect that it should be a streamlined Conference on War Credits and perhaps be limited to one day because of war considerations.

Changes in the local association dues program in connection with District expenses were approved, being adjusted to a scale based on the particular membership classification of the local Association. A new program which was inaugurated in connection with the Newark Conference regarding the Development of Resolutions before the first session was approved for continuance at future Conferences.

The meeting closed with reports from Councillors on special activities in their local Associations, and a presentation of the work of the National Association in various fields by Paul Haase, N.A.C.M.'s Public Relations Director, who represented National headquarters at the meeting.

Clifford Heath of The Sealright Co., Syracuse, was named Chairman of the District Council for the ensuing year.

Providence Host to New Englanders

(Continued from Page 35)

Deaths" by Walter Mitchell, Jr.; a presentation of "Present Day Trends in Commercial Banking" by Lincoln E. Barber of the Rhode Island Hospital Trust Co., and a talk on "The Foreign Credit Situation" by Kenneth H. Campbell of the Board of Economic Warfare of Washington, D. C., who is on leave from his post as Director of the NACM's Foreign Credit Interchange Bureau.

The evening session of the Conference was built around the address of NACM's Executive Manager, Henry H. Heimann, who depicted the role of credit in the present world at war.

Miss Bickelhaupt Weds

Chicago — Miss Myrtle Bickelhaupt, President of the Chicago Credit Women's Club, and Rhae M. Swisher of Rhae M. Swisher & Co., an active Chicago Association member, were married on Oct. 3. They plan to reside in Chicago.

Weekly Round-Table

Toledo—Members of the Toledo ACM now meet each Thursday for luncheon in the Casino Room of the Hotel Secor at a round table session with an interesting short program, which has been responsible for a steady attendance each week.

"Army-Navy" Dinner at Indianapolis

Indianapolis—To help meet the increased cost of war, the proposed tax legislation must provide for a sound method of collecting taxes on a "pay-as-you-earn" basis. That was one of the main points stressed by Henry H. Heilmann, Executive Manager of the NACM, in his address before the "Army-Navy Night" dinner meeting of the Indianapolis ACM at the Claypool Hotel on Oct. 15. His subject was "Victory Through Sound Credit."

One of the largest meetings in the history of the local association, this annual dinner meeting was dedicated to the Army and Navy. Representatives of both branches of the armed forces were honored guests and a portion of the entertainment program was presented by service men. The meeting was in charge of Association President W. C. Grauel, Vice President and Cashier of the Merchants National Bank.

Weekly Luncheon Talks Score at Grand Rapids

Grand Rapids—Thursday noon meetings are proving popular in Grand Rapids and the Program Committee, under the chairmanship of James Boeree of Toren Printing Co., has arranged for a variety of capable speakers. On Oct. 8 Judge Edw. G. Burseson spoke on "The Business of the Police Court" and a week later Attorney Amos Paley of the Grand Rapids Trust Co. presented the subject "Why Make a Will." Future speakers announced by the committee include Leonard Verschoor, Administrator of Civilian War Time Transportation for Kent County; Fire Marshal Fred P. Higgins; Probate Court Judge Clark Higbee; and Dr. Paul F. Voelker, President of Grand Rapids University.

New Business Order Forum at Baltimore

Baltimore—Speaking to the Baltimore ACM and the Credit Fraternity of Baltimore, Inc., at the Sept. 24 meeting, John M. Bush, department store economist, insisted that business had been caught in the toils of its own greed and that governmental regulations and restrictions represent the one great hope of saving private enterprise from its own cannibalism. In summarizing his points, Mr. Bush admitted that price ceilings, priorities, and other forms of governmental merchandising supervision were far from satisfactory in their present state but, pleading the youth of these innovations, he urged his listeners to put their minds to constructive adoption of the "New Order" rather than to destructive and useless criticism.

After Mr. Bush had finished, an interesting forum period was held, presided over by W. W. Dutton, Divisional Merchandising Manager of Stewart & Co. This represented the first of a series of monthly dinner meetings to be sponsored

by the Baltimore ACM and the Credit Fraternity of Baltimore, Inc. Topics are to be of real current interest and the speakers to be experts on those subjects. The Oct. 22 meeting, under the auspices of the Credit Fraternity of Baltimore, Inc., at the Longfellow Hotel, heard Allan W. Rhynhart, Chief Judge of the Peoples Court, talk on "The Soldiers and Sailors Defense Bill."

S. F. Plan Stresses Credit Interchange

San Francisco—Under the chairmanship of Henry Hyland of Haas Bros., the local Credit Methods & Practices Committee is engaged in an active program to stimulate member interest and to keep the local Credit Interchange service continually up-to-date. The committee meets regularly each month at a dinner session, with consideration of a list of Interchange members and number of new accounts listed with the association during the previous month. Similar reports are made by the secretaries attending each credit group meeting and the procedure has met with unanimous approval of the more than 30 groups in operation. Thousands of new accounts have been filed with the association and this has resulted in the Interchange reports showing increased number of experiences with the consequent benefits to all. Automatic revision service is also actively pushed as part of the committee's program. Details of the full program will gladly be supplied to local association bureau members either by Chairman Henry Hyland or Otis Walker, local Secretary-Manager.

Chicago Plans Forum on WPB

Chicago—At the monthly forum of the Chicago ACM on Nov. 18, the program will be conducted by officers of the WPB. Joseph L. Overlock, Regional Director of the WPB in Chicago, will preside and the heads of the various divisions will speak.

For the first time in the history of local Credit Groups, a newly-organized group has captured the Association trophy, given each year to the group having the largest attendance at regular meetings during the past year. The Variety Store Suppliers Credit Group was organized just one year ago and with its fine attendance record carried off the prize. The trophy was presented to the group at the annual Credit Group dinner on Oct. 7.

Minneapolis Program Varied

Minneapolis—The Credit Group Committee, under the chairmanship of Clarence Swalen of Newhouse Paper Co., is active on a three-point program dealing with increased group participation, the development of new groups, and standardization of group programs procedure.

The local Program Committee has inaugurated a new feature at each monthly meeting. Besides the guest speaker a series of shop talks are planned, these

running approximately five minutes in length and covering pertinent subjects.

St. Louis Host to Petroleum Parley

St. Louis—The 18th Annual Conference of the Petroleum Division of the NACM was held at the Coronado Hotel here for three days beginning Oct. 26. A series of feature talks on Wartime Credit Problems, followed by forum discussion, made up the program.

Because of the deadline for this November issue coming just prior to the Petroleum Conference, a full report of the sessions will be carried in our December issue, including names of the members of the new Board of Governors, etc.

CARELESSNESS AIDS OUR ENEMIES

Fire prevention aids our war production



The Phoenix

Insurance Company, Hartford, Conn.

1854

The Connecticut
Fire Insurance Co., Hartford, Conn.

1850

FOUITABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.

1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA
Montreal, Canada



HARTFORD
30 Trinity Street
CHICAGO
Insurance Exchange

NEW YORK
110 William Street
SAN FRANCISCO
220 Montgomery Street



TIME TRIED & FIRE TESTED

AMERICA —our pledge



WE PLEDGE ourselves to do our part in keeping American business and American homes free from disruption by promptly and equitably reimbursing our policyholders for the unfortunate losses they experience. Such has been our policy for over three-fourths of a century... a policy which has added meaning in times such as these.

MILLERS NATIONAL

Insurance Company

ILLINOIS FIRE

Insurance Company

HOME OFFICE: CHICAGO

Note to Readers

The Monthly Survey of Wholesalers' Sales Inventories and Credits which usually appears on pages 39 and 40 of CREDIT AND FINANCIAL MANAGEMENT is omitted in this issue owing to the necessity for advancing the publication date because of war conditions. The Business Thermometer will appear in subsequent issues, but the material will cover the survey for the third preceding month rather than the second preceding month. The Business Thermometer in the December issue will cover the report on figures submitted for the September issue.

How Credit Men Aid in Defense

(Continued from page 18)

women of Provincetown, Mass., has already assumed more than local interest. When the Coast Guard—calling the head of the Defense Council to report that an unknown number of survivors of a submarine sinking at sea would be landed—asked for aid, Provincetown's Civilian Defense organization went into high-gear action. As the dripping, exhausted survivors were brought ashore, Auxiliary Police, members of the Canteen Corps, Air Raid Wardens and Emergency Medical Units were mobilized and gave immediate aid.

Out near Terre Haute, Ind., river waters backed up, flooded the surrounding area inundating houses, barns and fields. Twenty families were rescued by local auxiliary firemen and police. And in Milwaukee an Air Raid Warden, calling on neighbors, discovered Mrs. Dotter and her daughter unconscious on the basement floor, overcome by naphtha fumes. Warden Boerger, who had taken first aid training, revived both women before the town's rescue squad arrived.

These are examples of emergencies in which members of the Defense Corps have served already. But there are long nights of patrolling dark streets, days of taking courses, practicing, becoming prepared. Your members have already shown their willingness to shoulder the burden of war. But America needs more of your time, more of your energy and more of your numbers.

Your Defense Council may need the help of men of your specific training. It needs funds to operate successfully and the careful handling of its finance is vital to its existence. Put your experience to work for your country by helping your Council to stay out of the red.

Your knowledge of business and finance will make you valuable in community campaigns such as war chests, Red Cross, U.S.O. and the like. And if you have a talent for public speaking you can explain the intricacies of price control, rationing, inflation and taxation at public forums and discussion groups.

These are a few of the jobs in which you are needed because of your specialized training. But your

community will call on you further, not because of your profession but because it needs intelligent, alert men and women to help win this war. Join the Citizen's Service Corps. There is, perhaps, more that needs doing in this field of Civilian Defense than in any other. Members of this corps perform the many war services.

They realize that the strength of the nation is dependent, in part, on the health of the nation, and they have volunteered to aid in hospital clinics, in the occupational therapy departments, and in the supply rooms, making surgical dressings, folding supplies, mending linens.

These volunteers recognize that to survive, democracy must be a dynamic working form of government. Now, more than ever before, the people of America must feel and understand the strong common bond that welds them together—the desire of free men to be free. Volunteers in democracy programs are developing Town Hall meetings to discuss national, local and international topics. They sponsor activities which will bring peoples of different nationalities together in friendly discussion. They form classes and groups to study government and the safeguarding of democracy and civil liberties.

In the field of education, Civilian Mobilization volunteers assist school authorities in conducting health examinations, in holding parent-teacher programs aimed at the physical preparation of the pre-school child for school life. They work in vocational schools, in classes for handicapped children and in school lunch departments. Volunteers have offered their services to programs of character building, recreation and informal education. And they are working with social agencies to promote family security and child care.

Throughout the country men and women are attending nutrition classes, aiding in health surveys, rationing and price control programs, conducting child care centers, arranging entertainment for soldiers and sailors, and doing many other wartime tasks.

These are not easy jobs, but by helping in their doing you can strengthen the fiber of the nation. And that will help to win the war. Do all these things today so that the time will never come when we, like the gallant Russians, must stand with our backs against the wall, fighting the ruthless invader of our shores.